

# FAR EASTERN ECONOMIC REVIEW

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## Economic Development in the Far East and Foreign Capital

The tempo of economic progress in China and elsewhere in the Far East depends on the assistance of the economically advanced nations. Funds for long and short term investment are available but political conditions especially in China today are such as to discourage their employment. With the exception of Japan where foreign investment is welcome and protected and returns are promising there is no territory in the Far East which offers opportunities for official and private investors in America and Europe. Hongkong, which enjoys continued prosperity and remains a haven of security, cannot be included into a study of possibilities for foreign investment as its area is too small, the Colony being practically only a great harbour and a flourishing entrepot.

The governments and the peoples in Far Eastern countries will have to consider very carefully whether they can dispense with foreign assistance in the development of their respective territories or whether conciliation and genuine cooperation is the policy to be adopted when approaching and dealing with the West. It will be up to the new regime which rules China today to ponder over the alternative of virtual economic isolation from the West or cooperation with those nations which can promote economic development.

In the general sense, economic development is the continuous process of capital formation. In a more limited sense economic development is usually associated with the process of capital formation in countries and territories in which the standard of living is below that prevailing generally in western Europe, the United States, Canada, Australia and New Zealand. A number of countries in the Far East were severely affected by hostilities during the last war and have had to devote their main efforts to restoration of their pre-war physical capital and levels of real income; in some there has been continued deterioration since the war, as a result of internal conflicts, but generally it is impossible to draw a strict distinction between recovery from the ravages of war and new development.

In the major under-developed countries the proportion of gross capital formation to gross national product was in the postwar year high, perhaps not far from the rates of capital formation in some of the European countries. The general prevalence of a high and sustained rate of capital formation is also suggested by certain typical phenomena of recent times, such as the rapid drawing down in under-developed countries of gold and exchange holdings accumulated during the war, in part to finance imports of capital goods in conjunction with national development; the persistent shortages of labour, particularly of skilled and professional workers; the shortages of basic foodstuffs, construction materials and machinery and equipment; and the inflationary pressures caused in many cases by deficit financing of official development programmes.

The role of foreign funds in economic development cannot be ascertained very precisely in quantitative terms nor is it possible to generalize as to its significance. It is clear, however, that real capital formation for economic development is essentially a process of utilizing through various means that part of the current national product or the available resources that is not spent on consumption. To that extent, the major factor in economic development is the utilization of the domestic savings — however small — of under-developed countries in appropriate real investments for the purpose of achieving increased production. Foreign savings made available in the form of loans, direct investments or grants are thus a supplement to domestic savings, enabling real capital formation to take place at a higher rate than would otherwise be possible without reducing the level of consumption. The contribution which foreign investment funds may make to economic development should not be underestimated; in some cases, or at some stages of development, foreign investment can be of crucial importance. But it is not the major factor in volume.

The actual rate of domestic investment varies from country to country according to saving habits, investment opportunities, the nature of the existing fiscal and banking mechanisms appropriate for the purpose and social and other factors. Since the pattern

of real capital formation in under-developed countries is not usually the result of conscious planning, it should not be too easily assumed that foreign funds will supplement domestic savings in the desired amounts or for the desired purposes. In some cases there is aversion to the use of foreign capital; in others, foreign capital flows in without much co-ordination with the actual development needs of the recipient countries, but more in response to the requirements of the investing areas — as is the case, for instance, with petroleum investments in the past few years and with some aspects of colonial development — and may contribute only indirectly to raising the standard of living.

A large flow of foreign funds into an underdeveloped country, if it merely enables that country to increase its current level of consumption without making provision for the future, may be a lesser contribution to economic development than a smaller flow of investments in which a larger proportion of resources is currently directed into real capital formation. The absolute amount of foreign funds utilized by a country does not, therefore, provide an accurate measure of the rate at which that country is developing. Moreover, it is not possible to judge, merely by examination of the composition of imports — and particularly the ratio of capital goods to other types of imports — to what extent foreign funds, including accumulated foreign exchange reserves, are actually being utilised for development.

The granting of short-term credits can be regarded, under certain conditions, as an indirect means of contributing to real capital formation, or sustaining it. Similarly, the influx of flight capital, in so far as it is not sterilised and it permits domestic credit expansion to be based on additional foreign resources, may contribute indirectly to development. Short-term movements in general are a temporary addition to foreign exchange reserves and are therefore an aid to the maintenance of a given rate of capital formation. Short-term movements of funds must be interpreted with the same qualifications that apply to long-term movements, so far as concerns their role in promoting development, but their temporary character limits their usefulness as a basis for sustained real capital formation.



## Political Situation in China And Hongkong's Trade

During the past week the situation in China has steadily worsened in so far as the Nationalists are concerned and the latest blow to be received by them is the departure of General Li Tsung-jen, Acting-President, for Hongkong on the score of ill-health. This may be followed by his resignation from his post and his retirement to the U.S.A. for "further medical treatment."

General Li's sickness would seem to have come at an ill moment for Nationalist China but speculation is widespread as to whether illness or political expediency is in reality responsible for this action. At the same time his departure is certain to give many of those still loyal to the Nationalist cause a crushing blow. The situation has however taken on another aspect with the reappearance of General Pai Chung-hsi to the fore. He and President Li have always been allies and is more than likely to be fully in accord with the latter's decision to come to Hongkong for "treatment." This is at all events an interesting thought especially in so far as General Chiang Kai-shek is concerned. It would indeed appear that he is to be relegated to the defence of Taiwan, as his last stand in Szechwan with the Communist armies within hailing distance of Chungking is indicated as being on the point of collapse.

The full effect of these disastrous setbacks on Taiwan and General Chiang's position there is not fully known, but as he must be conversant with events he cannot but feel that the time is fast approaching, if it has not already come, when his Taiwan fortress will become the final war "news" in so far as he is concerned. Whether the Communists will speedily turn their attention to Taiwan is only guess work, but it has already been reported that the last European vessel to call at the island according to schedule left Taipei last week and that a day or so ago Communist planes flew over the island although whether any bombs were dropped has not been divulged. In the meantime the people of Taiwan are not in the least reassured by the presence of large Chinese forces as the effect of their being on the island at all endangers their peace and security. Indeed, the fortifying and garrisoning of the island has always been repugnant to the people who at one time fondly hoped to have been in a position to build up an autonomous government of their own. These aspirations were strengthened by the belief that the support of America might perhaps be obtainable on the ground that a strong and peaceful Taiwan was an essential part of the Pacific defences against Communism. This neutral stand has, however, long been recognised as impossible of achievement, but it cannot be long left to conjecture what the ultimate fate of the island will be.

In the meantime the situation so far as the Western Powers and recognition of the Peking regime are concerned

## ECONOMIC NEWS FROM THE UNITED STATES

By E. Kann. (Los Angeles).

(Special to the Far Eastern Economic Review)

### No Increase in U.S.A. Gold Price

From time to time rumours are being revived that an increase in the official U.S. gold price of \$35 an ounce is imminent, an action which — if it were taken — would be tantamount to devaluation of the dollar. Quite recently those rumours found a practical application in the boosting of gold mining share quotations on the New York Stock Exchange. However, such hopes were shortlived, and prices for gold shares are receding.

As matters stand today there is no likelihood for an increase of the official gold price in America. Let us record here some authoritative discussions of the problem in the United States, and let us analyze the consequences of a devaluation of the dollar.

At the annual bankers convention held recently at San Francisco this important subject came up for consideration. National City Bank of New York chairman, W. Randolph Burgess, opined that devaluing the dollar (at present the anchor for world currencies) would set the world adrift and create a basis for serious inflation within the country. Allan Sproul, president of the Federal Reserve Bank of New York, reached similar conclusions and warned that devaluation would undo eventual benefits of recent foreign currency devaluations. While Burgess pleaded for the gradual return

of the gold standard as a checkrein on the spending of politicians, Sproul countered that convertibility was not feasible in the world of today.

Secretary of the Treasury Snyder also was present at the conference and officially denied that he planned to raise the gold price. Only recently the world witnessed devaluation in Great Britain in face of persistent denials on the part of the Minister of Finance. Probably the exigencies of high politics make such untruths permissible. However, here in America we had the unambiguous pronouncement on the part of President Truman that, as long as he is President, there will be no devaluation of the dollar. And I, for one, am an absolute believer in the presidential statement.

### Some Effects of Raising the Gold Price

A Congress Committee, closely linked with investigations in the same field, quite recently sent out a long questionnaire, including the subject of gold price as a part of a broad study of monetary policies. Chairman Thomas B. McCabe of the Federal Reserve Board spoke out sharply against the idea of price raising, or placing gold coins into circulation. As to the latter, he said, the long-term effect would be to weaken rather than strengthen confidence in the dollar. Confidence in money, nowadays, is based upon its

has gone a step or even two steps further during the past week in that Great Britain and the Commonwealth working in close unison, have apparently agreed that in principle recognition should be given but when is not stated although it is assumed that a vital step of this description will be withheld until after the Australian elections. Delay will also give the United States Government time to make up its mind as to its future course of action and, it is hoped, allow the unhappy Mukden incident to be cleared up. As matters now stand the problem of recognition in so far as the United States Government is concerned presents an entirely different angle to that of Britain and the Commonwealth, and certainly the tense feeling engendered among the people of the United States regarding the treatment meted out to their diplomatic representatives in Shanghai and Mukden bars even the thought of discussion of the subject. Indeed if the new regime in China is anxious to obtain complete control and unification of the country in as short a time as possible, it is inexplicable that a policy should be adopted which must impede diplomatic relationships.

In this welter and uncertainty it is interesting to note that trade between Hongkong and North and Central China continues to flourish in spite of civil war and blockades. The blockade has hindered and made normal shipping almost impossible but other means

of transportation have been forthcoming, as is shown by an analysis of trade in this year as compared with September 1948. The total value of imports into Hongkong from North and Central China during September 1948 amounted in value to \$5.8 million during the same time this year the figure rose to \$25 million thus showing an increase of 331%. Total exports to N. and C. China from Hongkong during the month under review were even better, as last year the total amounted to \$20.3 million in value while this year the figure reached \$48.4 million or an increase of 138%. These figures while only covering a month's results, are nevertheless an indication of what has been and still is taking place and augurs well for the future.

A hopeful sign of a return to normalcy is indicated by the resumption of steamship services between Canton and Macao. This service is naturally very much curtailed at the moment but is an indication that the Communist authorities are anxious to start a normal schedule, protection being given by Communist troops. The situation in so far as shipping to China is concerned, is well known, but it would appear that while the Nationalists are making determined efforts to prevent all movement they will find themselves more handicapped as time goes on and in fact as shippers are prepared to take greater risks the better chances arise for getting through.



internal purchasing power and the ability of a country to meet its foreign obligations, McCabe states, and not upon internal convertibility of the money into gold. Worldwide confidence in the dollar is assured by the productive power of the U.S. economy.

Regarding a change in the U.S. gold price, McCabe summarized the vital effects in this way:

1) Unless accompanied by a proportionate change in the price of gold in terms of all other currencies, it would dislocate the entire pattern of foreign exchange rates.

2) It would change the dollar value of existing gold reserves, both at home and abroad. (A price rise would increase dollars available to countries holding gold, and the largest increases would go to the largest holders, which are the Soviet Union and Switzerland, as well as the United Kingdom).

3) It would alter the profitability, and thus the level of production, of the gold mining industry.

4) It would alter the dollar value of this country's gold stock, and all future additions to it, and thus be a basis for monetary expansion or contraction.

5) It would constitute a major change in U.S. policy, with unforeseeable psychological effects.

In conclusion it might be worth while to mention that, were America to increase the gold price by 40%, she would benefit (nominally) to the extent of about 10 billion dollars. But wisely the country is withstanding the temptation. That devaluing a country's currency is no unconditional blessing can be gleaned from the fact that, within 6 weeks after devaluation the £, British currency has lost another 12% of its 'fixed' value.

**Devaluation and the Pound Sterling**  
Once we are discussing the possibility—though improbability—of devaluing the American dollar, we might seek to analyze the effects and results of the recently initiated British depreciation of the pound sterling. Though scarcely seven weeks have passed since that memorable step was taken, it becomes clear to the observer that results have not only been unepochal, but in some directions even disappointing.

Large volume imports from England into the United States have not materially increased. Some of the reasons for this disappointing fact are the following:

(a) Many importers in this country still hold large stocks of British goods, imported when the pound was relatively high; these people are reluctant to add to their inventories before having disposed of their old stocks of goods.

(b) Many American importers prefer to wait until after January 1, 1950, when the new lower tariffs agreed upon in the reciprocal trade agreements enable them to get a better break in their acquisition of foreign goods.

(c) American exports to the sterling areas remain fairly steady, because U.S. commitments (mostly under the Marshall Plan) have been projected long ago and thus far they are not affected by the depreciation of the various European currencies.

(d) A factor, disturbing to the stability of the £, is found in the free currency market in Switzerland. There, almost immediately after the new level of the £ was fixed at 2.80 officially, the market quotation fell to 2.50 and even lower.

#### General Motors Corporation

It is not the Stock Exchange aspect that is being highlighted here, but the high grade industrial countenance of the motor car group. The record prosperity of this line is being spotlighted by the large year-end dividend paid by General Motors, namely \$4.25 per share. This declaration means a total dividend for the year of \$8, nearly double of what was paid out for 1948 (\$4.50 per share).

While people in 1949 are buying less of many articles, automobiles certainly are not among these. The motor car industry is substantially larger than what it was in 1948; this accounts for the fact that the overall business decline was so effectively limited. Strange as it might sound, the recent steel strike was not inconvenient to the American automobile industry, because the steel walkout coincided with the winding up of the 1949 model production. This means that the resultant delay in introducing the 1950 models should permit an excellent cleanup of current model inventories in the possession of dealers.

#### Du Pont Company

In the same breath as General Motors are being discussed Du Pont has to be mentioned and reviewed too, for Du Pont is the largest beneficiary from the excellent results obtained by General Motors. It might not generally be known that the Du Pont Co., holds 10,000 shares of General Motors Corporation. This represents 0.225 shares, or nearly one-quarter, for every share issued. As General Motors year-end dividend represents the sum of \$187,443,000 (or its total dividend payments for the year \$351,570,000), it will be seen that Du Pont receives from the year-end dividend alone \$42,500,000.

On June 30 Government filed an anti-trust law suit against Du Pont, an event to which we shall return. But since this comparatively short period Du Pont shares rose about 11 points in New York, representing a gain of capital value on the entire outstanding issue of about \$500,000,000.

The following factors appear to be stimulating demand for Du Pont shares: The very large demand for nylon; the general good business prospects; and the suit filed by Government against the concern. The authorities demand that Du Pont should divest itself of its huge holding of General Motors stock; but not by distributing same as stock-dividends, but by selling the shares in the open market, distributing proceeds to stockholders. It is quite possible that Du Pont will follow this course, without awaiting final action by the law courts. But here comes a great hurdle. The original average cost per General Motor share to Du Pont was \$6. Now the latter's stock stands at over 60. Thus Du Pont would be

called upon to pay in taxes stupendous sums for capital gains. If sold, even with the sacrifice of a few dollars, the shares at present held by Du Pont (10,000), would bring—before the profit tax levy—about \$15 to every Du Pont share for distribution.

If one eliminates income from General Motor Corp. shares, Du Pont on its own is now earning a little over \$3 per share a year. While its large output of rayon last summer was not profitable, income was more than made up by the output of nylon, the quantity of which at present is estimated at 75 million pounds, valued at over \$150,000,000. Demand for nylon (wearing apparel, household and industrial fabrics, etc.) is enormous, and profits bid fair to remain excellent. In 1940 nylon was introduced for hosiery, and in this line it still is leading and expanding. Besides, Du Pont are now constructing entirely new manufacturing plants for the production of raw material, in some ways competing with nylon, but in others serving other useful purposes.

#### The Steel Strike

Luckily a thing of the past, the great walk-out is today treated here by way of necrology. Preparations for resumption of organized work are already on the way, and within a short week production will have reached full capacity. The record of this having been America's most costly steel strike is not an enviable one.

The signing of the peace treaties results in the steel companies undertaking to pay to employees with 25 years service and of a minimum retiring age of 65 years a pension of \$100 a month, disburseable entirely by the employer. However this pension of \$100 includes Federal insurance. Thus, if a worker receives say \$50 as his Social Security Pension from the Government, the steel company employing him will be called upon to make up the difference, i.e. another \$50 per mensem.

The peace contracts furthermore provide for an insurance program, costing 5 cents an hour. This cost is divided equally by company and worker. Insurance includes death, sickness, accident and hospitalization benefits.

Employees retiring after less than 25 years service, say after 15 years, (but not less than that) of continuous service, are entitled to a smaller pension on a proportionate basis.

#### Is a Mild Form of Inflation Coming Back in U.S.A.?

The steel strike, but also the numerous strikes in other trades during 1949, were responsible for a decreased output of merchandise. We are now on the eve of a huge spending program, initiated by government action. In the beginning of 1950 veterans will receive over 2 billion dollars in insurance refunds. About 1,500,000 workers will, according to a new law, obtain the minimum hourly wage, which is more than 6 cents an hour, or say about \$300,000,000 more than heretofore.

This clearly means that the buying power is lifted suddenly and considerably, at a time, when goods are get-



## Inflation & Deflation

### 1. Elements of Inflationary and Deflationary Processes

A country's gross national expenditure on goods and services produced in a given period can be sub-divided into the following categories: (1) personal consumption of goods and services, (2) gross private investment in construction, equipment and inventories, (3) export surplus (excess of exports over imports), and (4) government expenditure on goods and services. All of these expenditures generate in the period in which they take place, an equal stream of private incomes or government revenues. This follows from the fact that the payments made in purchase of the total goods and services produced in a given period are either paid out in the same period as wages, salaries, dividends, interest, rent, etc., or are retained as depreciation reserves and undistributed profits, or else are paid to the government in the form of taxation.

Private incomes are not only generated by gross national expenditure on currently produced goods and services, but are also supplemented by government transfer payments such as social security payments, etc., and by interest on the public debt. Total private income is therefore equal to the four components of gross national expenditure listed above, minus government revenues, and plus government transfer and interest payments. Since government expenditure on goods and

services (the fourth item), less government revenues and plus government transfer and interest payments, is equal to the budget deficit, we may also say that gross private income (after tax but including depreciation) in any given period is equal to the sum of (1) personal consumption on goods and services, (2) gross private investment, (3) export surplus and (4) budget deficit.

The three latter items are of central importance in the analysis of inflation and deflation. Their significance, as will be seen, lies in the fact that they generate private incomes which are not derived from the current production of goods available for personal consumption.

Unlike the income derived from production for personal consumption, the income derived from the other three items does not have as a counterpart currently produced supplies of consumption goods. Instead, as may readily be seen, their counterpart is the total gross private saving (including depreciation) which in fact accrues in the same period. Indeed, total private saving in any given period is the difference between total private income and personal consumption. Since private income is equal to personal consumption plus the sum of (1) private investment, (2) export surplus, and (3) budget deficit, it is evident that private saving is equal to the sum of the last three items. For the sake of brevity we shall refer to this sum as net non-consumption payments. They are non-consumption payments in the sense that they are payments not derived from the production of goods for personal consumption and they are net payments in the sense that the government expenditures are taken net of government revenue.

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An increase in net non-consumption payments raises, and a decrease lowers, the pressure of demand upon the supplies of consumption goods. If we begin with a situation in which these payments are just sufficient to generate an effective demand adequate to maintain full employment, then a reduction in the payments will create unemployment and an increase will lead to inflation.

In case of a fall in the net non-consumption payments, e.g., through a decline in investment, there will be a direct decline in output, employment and income in the affected sectors of the economy. This primary decline in income will produce a fall in the demand for consumption goods. Accordingly the production of goods for consumption will fall, leading to an additional fall in output, employment, and incomes. This process will cease when income has fallen sufficiently low so that the private saving corresponding to it is equal to the reduced

level of net non-consumption payments. Indeed at this point the demand for consumption goods is equal to the supply. This is evident from the fact that current private saving equals private income less the value of current demand for consumption goods, and the net non-consumption payments equal private income less the value of the supply of consumption goods. Thus the equilibrium of demand and supply for consumption goods and the net non-consumption payments equal private income less the value of the supply of consumption goods. Thus the equilibrium of demand and supply for consumption goods will be achieved through a decline in output, employment and income.

If there is a rise in the net non-consumption payments, e.g., through a rise in investment in a situation of full employment, there will be a shift in resources from personal consumption to non-consumption purposes. The supply of goods for personal consumption will therefore fall without a decline in money incomes. This will lead to a rise in prices of consumption goods. Such a rise in prices generates new incomes and thus increases the demand for consumption goods. This increase in prices, however, leads to a relative shift to profits in the distribution of private income. Since less is consumed out of profits than out of labour income, a point is reached in the increase in prices where the relative shift to profits is sufficiently great to balance the demand for consumption goods with the reduced supply available. Alternatively the equilibrium may be described as the point where profits have increased sufficiently in relation to private income so as to raise the ratio of current private saving to private income, up to the increased level of the ratio of the net non-consumption payments to private income.

In conclusion, it may be said that deflation from a full employment level produces a decline in output, employment and incomes, and that inflation produces a relative shift in the distribution of private income from labour income to profits.

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ting rarer. But this is not all. Government has adopted a policy of deficit spending. By June, 1950, the Treasury will be in the red to the extent of 5½ billion dollars. This clearly means that another huge stream of money is being pumped into the banking system of the country. In recognizing this state of affairs stock exchange values have increased during less than 5 months to the extent of 10 billion dollars. True, not all of this has been spent. Most of it—as long as profits are not taken—remains a gain on paper, which may disappear by the same fast means as suddenly as they entered the arena. Then, Government is spending over \$43 billions this fiscal year, of which \$12.3 billions go toward defense; \$1.4 billions farmcrop subsidies and \$4.1 billions for foreign aid.

All this signifies that much money is suddenly being made available for spending, so that the assumption might be justified that inflation is not far off. Though by far weaker, there are also some symptoms for deflation, as the outcome of strikes, reduced buying power, increased taxes and growing savings accounts. The latter form a testimony to the tendency to hold on to funds, instead of spending. Effective competition from abroad might bring large quantities of foreign merchandise into this country, thereby depressing prevailing price levels. But undoubtedly inflationary factors predominate.

An inflationary or deflationary process may also be caused by a change in the proportion of private income which tends to be consumed. An important example of such a change is the immediate post-war period was the influence of the demand pent-up during the war which in many instances was supported by accumulated liquid assets. This produced a tendency for a higher proportion of income to be spent on consumption than before the war. A decline in the proportion of income which tends to be consumed at full employment will lead to a fall in production and employment which will reduce the supply of consumption goods to the level of demand.



Conversely, a rise in the proportion of income which tends to be consumed in a period of full employment will lead to inflation, i.e., to a rise in prices and a relative shift to profits in the distribution of income. This shift will balance the demand for consumption goods with the given level of supply. It should be noted that the tendency to save a smaller proportion of income will not materialise in a change in the proportion of income which is in fact saved if the ratio of net-non-consumption payments to income remains unchanged. Instead, it will produce an inflationary process which will redistribute private income. The redistribution of income will be such as to keep the ratio of private saving to private income at the given level of the ratio of net non-consumption payments to private income.

We have thus far considered inflation in a situation where the real gross private income was given and the rise in prices resulted in a shift in the distribution of income from labour income to profits. Inflation may, however, be associated not with a redistribution of a given real private income, but with a fall in its level. If the supply of consumption goods and services declines while the ratio of net non-consumption payments to private income remains unchanged, real private income will fall, through a rise in prices, in the same proportion as the supply of consumption goods. If not only the ratio of net non-consumption payments to private income, but also the proportion of private income which tends to be consumed were constant, there would be no shift in the distribution of income from lower to upper income groups as a result of this rise in prices. This may be called the primary inflationary effect of the decline in real private income.

There will, however, be a secondary inflationary effect resulting from the fact that the proportion of income which tends to be consumed depends upon the level of income. The lower the real private income the higher is the proportion which tends to be consumed out of it. Thus when real income declines with a constant ratio of net non-consumption payments to income, this factor will lead to an additional rise in prices in the manner explained in paragraph 3. Unlike the primary rise in prices this secondary rise will cause a relative shift to profits in the distribution of income.

One reason for a fall in real gross private income with an unchanged ratio of net non-consumption payments to income may be a decline in productivity in consumption goods industries or a reduction in agricultural output.

Such a fall in private income may also result from a rise in foreign trade prices in relation to income while the ratio of import or export surplus to income remains unchanged. Two ele-

ments may be distinguished in the effects of such a change: (1) the effects of an equal change in export and import prices; and (2) the effects of a change in the terms of trade, i.e., in the ratio of export to import prices. If, e.g., there is an equal rise in import and export prices in a net importing country, this change will tend to reduce the real value of the import surplus. When this results in lower imports of consumption goods, the total supply of consumption goods will fall. On the assumption that the ratio of net non-consumption payments to private income remains unchanged, real gross private income will decline in the same proportion. If there is also a deterioration in terms of trade, because import prices rise more than export prices, there will be an additional fall in consumption and real private income. This effect of the deterioration in the terms of trade will, of course, occur even if the foreign trade is balanced.

Another instance of the effect of a fall in real private income and consumption with a constant ratio of net non-consumption payments to income is a rise in indirect taxation for the financing of increased government expenditure on goods and services. Indeed, in this case real gross private income will be reduced through the increase in market prices caused by the new indirect taxation, while the ratio of net non-consumption payments to income will remain unchanged because the budget will remain balanced.

Apart from the problem of over-all supply of consumption goods, the structure of supply must be considered in connexion with inflation. Of particular interest in this respect is a reduction in food supply in relation to total supply of consumption goods. This is of special importance in an inflationary situation for several reasons. First, food is the most important item in the budget of the lowest income groups. A rise in food prices is therefore likely to have a greater effect on real wages than a rise in prices of other consumption goods. Second, the more essential the goods in scarce supply the greater is likely to be the reduction in the proportion of income saved. Since food is the most essential item of consumption, the effect of its scarcity on the proportion of income saved will be particularly significant. Third, in so far as small and medium farmers share in the rise of food prices, there will be, apart from the shift in the income distribution to higher income groups, a shift in income from workers to farmers which will further contribute to the decline in real wages.

The effect of the food supply factor is particularly great when the fall in the ratio of food to the total supply of consumption goods is associated with a given distribution of income and with constant price relations, there is a tendency to spend a higher proportion of income on food when income declines. The demand for food in relation to total demand will thus rise

while the supply of food in relation to total supply falls.

Any change in the factors discussed which leads to an increase in prices of consumption goods and services and a decline in real wages may produce an inflationary spiral.

Workers respond to the decline in real wages by demanding higher money wages. The increases which they receive, however, are offset by resulting price increases. These in turn stimulate additional demands for higher wages but are again offset by further price increases. In this way the inflationary spiral proceeds without recovery of average real wages.

Not all employees are in a position to secure the same rate of increase in money wages in the course of inflation. The pay of unorganized workers, government officials, public school teachers, etc. usually lags behind the wages of organized workers and the fall of their real income is more pronounced.

The real value of fixed incomes, e.g., of those living on pensions, annuities, etc. deteriorates continuously in the course of inflation.

Once the process of inflation has developed, it is aggravated by the appearance of another factor. The consciousness of the steady increase in prices induces hoarding of commodities and reduces the supplies available for consumption. In this way it intensifies the inflationary pressure. Hoarding of commodities may be considered as a special instance of investment expenditure, since it represents nothing else but a rise in inventories. It is convenient to treat it separately, however, in the analysis of inflation because of its speculative character.

Inflation is not necessarily incompatible with unemployment. If inflation arises from an increase of effective demand (as a result of a rise in net non-consumption payments or an increase in the proportion of income which tends to be consumed) in a situation of full utilization of resources, it will lead to "over-employment" only if labour is the bottle-neck preventing the expansion of production. If there are bottle-necks in equipment or raw materials, then inflation may coexist with unemployment because these bottle-necks will make it impossible to employ all of the available labour.

Inflation may also arise from a decline in productivity, or a reduction in agricultural output in a situation in which aggregate effective demand is not sufficient to maintain full employment. This may readily be seen from the following example. Assume that in a situation in which there is some unemployment, there is a fall in productivity in consumption goods industries or a reduction in agricultural production while net non-consumption payments remain unchanged. Under these conditions there will be a rise in



prices but it will not correspond to increased pressure of demand and will not, therefore, be associated with an increase in employment. An inflationary spiral may thus develop in spite of the existence of unemployment.

## 2. Direct Controls as a System of Containing Inflation

Inflationary price increases, whether the pressures are of an over-all nature or are caused by shortages of specific items, may be prevented by a system of direct controls. The essence of such a system is the distribution of supplies of essential consumption goods by means of ration coupons. For the system to function properly, the entire supply of the rationed goods must be under government control. Under such circumstances the demand for the rationed commodities can be adjusted to the level of the available supplies at fixed prices.

The introduction of rationing for some commodities tends to intensify the demand for substitute goods. In this way the pressure of demand for other goods rises and this necessitates the expansion of the rationing system to cover a wider range of essential goods.

Even the most comprehensive rationing systems in existence, however, exclude many goods and services in scarce supply. Some of the excluded commodities may be price-controlled without being rationed. In such cases there will be haphazard distribution with the accompanying symptoms of shortages of supply in the shops, queues, special customer lists, etc. Other commodities may be neither rationed nor price-controlled. Their prices usually tend to rise very considerably, under the pressure of inflationary demand which spills over from the controlled sector of the economy.

Since under a system of rationing and price controls, prices of scarce commodities are not determined by free supply and demand conditions, it is possible to avoid the shift in the distribution of private income from labour to profits which occurs under open inflation. Indeed, even a reverse change in the distribution of income becomes feasible.

Where a portion of the supply of the rationed goods is not under effective government control, significant black markets may develop. In such cases there in fact exists a dual system of prices, one for the supplies bought with ration coupons, and a higher price for the supplies bought on the black market. In some instances a part of the supply is sold under rationing at fixed prices and the remainder is sold legally at free prices. A similar situation arises where some essential foodstuffs in scarce supply are rationed and others are not, so that the prices for the latter are high in relation to the former.

Superficially, it may appear that such a system of dual prices serves no useful purpose, since the low prices of

## SHANGHAI

**Banking and Finance:**—The suspension of one Chinese bank for its failure to meet clearing house obligations (the bank had been engaged in extending unsecured loans at illegal rates of interest) sent the curb interest rate to 1.5% on October 27. This action suggested that other banks as well had been charging black market interest rates. End of the month pay roll demands further increased the interest rates to 1.6% on October 28.

The Bank of China is to liquidate all trust and savings accounts set up prior to the communist takeover of Shanghai.

The official US dollar exchange rate dropped for the first time since June 16. (At the reopening of the Shanghai exchange market on June 10, the US dollar rate was fixed at PB\$1,700; on June 16 it declined to 1,650 at which rate it remained until July 5). The

rationed supplies are counterbalanced by the high prices of free supplies. In fact, however, the system performs two useful functions, despite the fact that the prices of the unrationed supplies reflect the prevailing inflationary pressure. (1) The system benefits the lowest income groups, since the rationed supplies constitute a high proportion of their consumption. (2) The purchases to supplement the rations are made at free prices which are considerably above the level that would prevail in the absence of any rationing. This tends to discourage consumption of the scarce items out of higher incomes to a greater degree than would be the case in the absence of rationing controls.

## 3. Hyper-Inflation as the Extreme Development of Inflation

The preceding section dealt with a system of direct controls which may be used to prevent open inflation. This section deals with the phenomenon of hyper-inflation into which an inflationary spiral may develop after some time if it is not checked.

The fundamental factor in hyper-inflation is that as a result of rapid inflation over a long period of time there develops a general expectation of the continuation of the inflationary spiral in prices. This expectation leads to a general reluctance to hold money, except the minimum necessary for transaction purposes. As a result, all incomes tend to be spent on consumption, investment or hoarding of goods in the course of a short "spending period".

One symptom of this situation is the fact that the free rate of interest approaches the rate of increase in prices. The reason for this phenomenon is that hoarding of commodities is always considered an alternative to granting a loan. The official bank rates for loans to government or to business on aquota basis are, however, usually very much lower.

In the absence of any tendency to accumulate cash beyond the needs for current transactions, every fresh addi-

## Economic Developments in Shanghai & Tientsin

(1) PERIOD OCTOBER 24-31:—

new US dollar rates established on October 26 were PB\$4,200 for currency notes and PB\$4,500 for drafts, off 200 as compared to October 25 rates. The official explanation given for the drop was that the rate had also fallen in Tientsin. Both the sterling and Hongkong dollar draft rates were down to PB\$11,250 and 610 respectively. All of the foregoing exchange rates remained unchanged through October 31. The black market was inactive over the period. (Crossrates, official, US\$2.50 per £, HK\$ 7.38 per US\$, HK\$ 18.44 per £; gold, unofficial, US\$ 38—39).

**Foreign Trade:**—The Import-Export Guild in Shanghai reported that during the second registration period importers had applied for the equivalent of US\$1 million of goods that had been off-loaded in Hongkong. The local press previously had placed the value of these goods as amounting to US\$20

tion to the money supply is bound to raise prices at a rate at which the resulting increase in the demand for money for transaction purposes will be sufficient to absorb the increase in money. Thus, continuing additions to the money supply through financing of budget deficits or through expanding bank credit to business, cause continuing increases in prices.

The essential difference between hyper-inflation and normal inflation may be seen from the following consideration. In normal inflation when a budget deficit arises, prices increase up to the point where the resulting shift towards profits in the distribution of income increases savings by the amount of the budget deficit. Once this point is reached, no further change in price of this type is necessary so long as the budget deficit in succeeding periods remains constant in relation to income. The inflationary price spiral continues thereafter only as a result of the attempt by workers to restore their real wages through higher money wages. In hyper-inflation "equilibrium" cannot be achieved in this way, because the additional profits are immediately spent on the hoarding of goods. Thus the mere continuation of the budget deficit, even if it remains constant in relation to income, causes prices to continue rising in every period at such a rate as to absorb for transactions every issue of money by which each deficit is financed. This will occur no matter what happens to wages. If wage earners do not succeed in raising money wages quickly, their real wages will decline rapidly.

It should be noted that as hyper-inflation progresses, people tend to spend money more and more quickly. This means that the velocity of circulation of money increases. Accordingly, a given issue of money used to finance a given deficit must produce a higher increase in prices in order that this issue should be absorbed for transactions. In this way, the entire process of hyper-inflation is accelerated.



million, a figure that was either an overestimate or due to the reluctance of importers to register.

**Barter Trade:**—The China Silk Company in Shanghai shipped the first batch of 800 bales of raw silk to the USSR under the Northeast (Manchuria)-Soviet barter agreement concluded on August 1. Apparently, subsidiary deals involving Shanghai were also included in this agreement. The above shipment refers to 845 bales of silk shipped by the SS "Flying Trader" to Vladivostok on October 15. The same company is also preparing to export from 500 to 600 bales of silk to eastern European countries, France, and Switzerland.

**Industry:** — The following factories were operating in Shanghai at the end of September (the first figure is the number of factories; the second is the percentage of the total in operation):

Machineries, 790, 88.5; shipbuilding, 39, 95; steel and iron refining, 30, 60; iron works, 583, 98; needles, 30, 71.8; steel windows, 15, 70; textile equipment, 51, 43.53; cotton textile, 57, 93; weaving and dyeing machinery, 653, 80; woollen textile, 89, 93.25; thread, 303, 90; towels and sheets, 160, 52.5; handkerchiefs, 119, —; canvas, 16, 81.25; hand weaving, 1,636, 50; knitting, 844, 67; belts, 209, 88.93; silk weaving machinery, 376, 78.3; silk printing, 23, 82.6; hats, 36, 41.18; vegetable oil refining, 16, 93.75; gourmet powder, 15, 40; enamelwares, 20, 57.9; printing inks, 40, 100; dyestuffs, 44, 56.83; glass, 55, 42; soda water and fruit juice, 36, —; bricks, 7, 57; gas refining, 6, 66.66; acid and soda, 9, 100; lead type setting, 24, 96; bakelite, 75, 84; umbrellas, 71, 41.2; tooth brushes, 67, 80; rice grinding, 116, 100; colour printing, 124, 100; photo engraving, 33, 100; wheat flour, 28, 92.8; cigarettes, 113, 56.7; coal briquettes, 60, 96.7; medical equipment, 30, 100; hog bristle processing, 112, 57.

The Industry department of the East China Finance Economic Committee was established on October 18 to control all state-operated industries in the area with the exception of textile plants.

**Transportation:**—The largest railway repair shops of the Shanghai Railway Administration had been destroyed in a Nationalist raid on October 29. The Shanghai-Nanking Railway was to pay for cargo damaged on its line after November 1.

**Telecommunications:** — All telecommunications in Chekiang Province were said to be operating despite very extensive Nationalist destruction. Shanghai radio-telephone connections with Amoy and Canton have been resumed.

**Commodities:** — The general rise in commodity prices continued despite government dumping operations. Rice: In the two days, October 27 and 28, approximately 1,000 tons of rice were dumped on the market in a futile attempt to stem the rise in price which advanced from PB\$42,000 a picul on the former date to PB\$43,000 on October 31, a cumulative increase of PB\$ 3,000 over October 24. Flour: The wholesale price of wheat flour rose to PB\$13,300 on October 26, an increase of 200 over October 24. Textiles: The

price of textiles increased at the shapeliest rate of all commodities, cotton cloth rising from PB\$48,000 per 40 yard bolt on October 26 to 56,000 on October 31. This general upsurge in commodity prices was reflected in the rate of the parity deposit unit which advanced from 909 on October 26 to 959 on October 31.

## TIENTSIN

**Foreign Trade:**—The Tientsin Maritime Customs placed total September exports of native products at the equivalent of US\$3,149,825 (converted at average US dollar exchange rates for the month), as compared to imports valued at \$2,454,429, leaving a favorable trade balance of \$695,396. As compared with August figures, September exports showed an increase of 62% while imports were larger by 14%. Communist government enterprises exported 27.09 percent of the total while the remainder was shipped by private firms of which 21% was foreign. Over a third of the imports (36.63%) were handled by government enterprises with private firms taking 63.37% of which 4.98% was foreign.

Export shipments during September comprised rugs and carpets which made up 12.74% of the total; egg products, 11.86%; furs and skins 9.71%; strawbraids, 4.15%; medicines, 5.1% casings 2.99%; and salt, 1.99%. In addition, approximately 100 short tons of cotton yarn were brought from Shanghai for export from Tientsin. Imports included bronze wire, which comprised 21.64% of the total; pharmaceuticals, 10.7%; and, other items including rubber and gum, sugar, chemical materials, paper, tinplate, and motors. The United States took 52.58% of the exports and Hongkong, 41.02%. As to imports, 41.18% came from the United States, 21.57% from Japan, and 10.87% from India.

Domestic trade with other communist areas was valued at the equivalent of US\$198,021 for outgoing and \$204,453 for incoming. This was a 240% increase for domestic outgoing shipments and a 6% increase for incoming shipments over the previous month. Trade with these areas comprised outgoing shipments of coarse and fine cloth, cotton yarn, chemicals, packing materials, botanic products, and motor parts, while incoming goods were made up of tea, corn, sugar, cloth, cotton yarn, fish, and gunny bags.

The North China Foreign Trade Control Bureau reiterated the necessity of import permits for foreign made commodities purchased with foreign exchange available abroad before permitting such goods to enter. In September, a total of US\$700,000 was involved in applications of which the Bureau approved 20%.

Refined salt has been exempted from payment of export duty in order to encourage its export.

**Barter Trade:**—Communist authorities are further restricting the scope of bartering exports by requiring the surrender of foreign exchange

proceeds from shipments of casings, hides and skins, walnuts, apricot seeds, linseed and grape seeds, curios, and several other items.

**Taxation:**—The Tientsin Tax Bureau in the period October 10-12, received a total of PB\$11,300 million (approximately US\$2.5 million at current official exchange rates) in industrial and business tax payments representing 94% of the total goal set for the first half of 1949.

**Commodities:**—At the close of October prices of commodities in Tientsin, with the exception of rice, corn flour, and millet, showed substantial increases. For example, in a week's time, the retail price of wheat flour went from the equivalent of US\$3.30 per 49 pound bag to US\$3.60 on October 27; while the wholesale price of cotton cloth advanced from the equivalent of US\$8.20 per 40 yard bolt to \$9.80 on October 27. The general commodity price index on Oct 18 was 3,891,638, an increase of 11.08% over the previous week.

## (2) PERIOD NOVEMBER 1 to 8:—

### SHANGHAI

The inflationary rise in commodity prices subjected serious pressures on Shanghai's economy during the week. This was the most severe test that the authorities have so far faced, and strenuous efforts were made to stabilize the commodity market by large-scale dumping operations. The price spiral, which began in the latter part of October, had serious effects upon financial conditions.

**Banking and Finance:**—Because of the large amounts of currency placed on the market as a result of dumping operations, the curb interest rate rose from 1.7 percent on November 3 to an average of 2.2 percent on November 8, even going as high as 3 percent on the latter date, the highest it has been since the early days of the communist takeover of Shanghai. Also, the price spiral caused an increase in the number of bad checks issued which reached a new high with a total value of PB\$2 billion (roughly US\$400,000) issued by November 7. Speculators were reported to be buying commodities with worthless checks and then selling on the increased price rise to cover the checks amount and still make a profit.

The price spiral resulted in the development of a black market in the "big-head" silver dollar. While the official rate for the silver dollar remained at PB\$1600, established on July 23, the black-market rate suddenly went to PB\$2,100 by November 3 and thence to PB\$2,500 by November 7.

The increase in commodity prices also affected the US dollar rate, which was advanced three times during the week. On November 1, the rate for dollar notes was returned to PB\$4,400 and for drafts to PB\$4,700; on November 4 the draft rate was raised to 5,000 and again on November 7, the currency rate was increased to 5,000 while the draft rate was advanced to PB\$5,300.



The black market US dollar rate on November 7 was quoted at PB\$5,800. Foreign exchange rates for pound sterling and the Hongkong dollar were also increased. The rates on November 7 for the former were PB\$7,700 for notes and PB\$13,250 for drafts while Hongkong dollar notes exchanged for PB\$550 and drafts at PB\$700. (Official crossrates worked out at US\$2.50 per £, HK\$7.57 per US\$, and HK\$18.93 per £).

**Foreign Trade:**—Exports from Shanghai in October were valued at PB\$10.6 billion (equivalent to US\$2,120,000 at current exchange rates) and imports at PB\$12.3 billion (equal to US\$2,460,000). The value of United States declared exports in the same month was US\$712,000.

Following the second registration period for importing goods that had been off-loading, in Hongkong the total value of these goods was the equivalent of about US\$1.2 million, made up as follows: US\$629,000; £45,000; HK\$646,000; Swiss Fcs. 181,000; Rs. 1.1 million; and St. \$161,000.

A total of 1,442 importers and 1,431 exporters had been licensed in Shanghai by November 1 to engage in trade.

All exported goods are henceforth to be appraised by the customs authorities to prevent under-valuation. Shanghai exporters may now ship goods through Tsingtao.

**Barter Trade:**—Nineteen Soviet importers and exporters have been licensed in Shanghai to expedite barter trade. Approximately 5,000 tons of tea is to be shipped to the USSR from the East China area under a barter agreement.

**Industry:**—A shortage exists in raw materials for electrical manufacturing companies. The authorities have issued import licenses for supplies which include silicon steel. There is also a lack of raw materials for metal goods, the prices of which have risen 1,000 percent since the takeover. (The South Sea market which formerly bought 60 percent of the output is now shut off because of the blockade.) Shanghai rubber factories consumed 800 tons of crude rubber in October as compared to a normal consumption of 1,700 tons. (Crude is now selling at about US\$820 a ton.) 1.1 million cotton spindles are in operation in Shanghai, but few of these are working full time.

**Transportation:**—Joint rail and high-way service has been established between Shanghai and Changshu, the latter located in western Kiangsi Province. A train goes only as far as Soochow and a truck the rest of the way. Also, rail service between Shanghai and Canton has been opened, but part of the way is by bus. The trip takes 9 days.

**Postal Service:**—Postal authorities announced that mail service to Soviet Russia and the eastern European satellites began October 10. Negotiations are under way for resuming mail service to Outer Mongolia and Korea (North).

**Commodities:**—Despite the heaviest dumping so far engaged in by authorities, costing the equivalent of about US\$3.4 million during the week under review, commodity prices continued to

spiral on each successive day. The initial movement was in rice and flour as harvest returns failed to equal last year's, and with the upward movement of prices, the usual circle of hoarding and speculation began. Actually, dumped goods, which included rice, flour, cotton cloth, sugar, and vegetable oils, comprised the main portion of the market turnover. (On November 2, for example, cloth dumpings constituted 90 percent of the turnover.)

**Rice:**—The Shanghai Food Company alone released over 5,500 tons of rice on the market during the week to stem the increase in the wholesale price which advanced from PB\$46,000 a picul on November 1 to PB\$54,000 on November 4 and then jumped to PB\$64,000 on November 8, the highest it has been since the takeover. The new high is prevalent for all cities in the East China area and is not confined only to Shanghai.

**Flour:**—In wheat flour, dumping constituted up to 90 percent of the market turnover, but the price still rose. The wholesale price of flour per 49 pound bag increased from PB\$13,600 on November 1 to PB\$16,100 on November 7 and the rose to 20,000 on the following day.

**Cotton Cloth:**—Following the lead of foodstuffs, cotton cloth prices started up activated by the demands from South China areas. On November 1, cloth per 40 yard bolt was selling at PB\$58,800; on November 4 the price was 61,200, and by November 8 the price had advanced to 69,200, a cumulative increase of 10,400 in a week.

**Inflation Indication:**—The parity deposit unit, which started at the highest it had been since August, continued to set new highs for the week. On November 1 it was 1,030; by November 8 it reached 1,264, an increase of 234 in the week's time.

## TIENTSIN

**Foreign Trade:**—Consular declared exports from Tientsin in October were valued at US\$1,311,818. Of this total, woollen carpets aggregated \$332,298 or 24 percent; raw furs, \$274,680 of which kolinskies were \$100,778; kidskins, \$58,242; weasel, \$42,219; and goatskins, \$34,020. Egg products were valued at \$156,674 or 11.5 percent of total exports. Strawbraids totalled \$145,613; bristles, \$11,725; cashmere wool, \$53,135; and sheep wool, \$8,921. Approximately half of Tientsin exports were either directly or indirectly shipped by the Government. With the practical abolition of barter shipments, an increasing proportion of total exports will likely be Government shipments.

**Finance:**—Official foreign exchange rates were increased on November 2 to PB\$5,400 for the US dollar (4,860 for US currency notes); PB\$13,500 for pound sterling (12,000 for sterling currency notes); and PB\$690 for the Hongkong dollar (580 for currency notes). The Hongkong commercial draft rate was again raised on November 3 to PB\$695. (Crossrates worked out at US\$2.50 per £, HK\$7.77 per US\$, HK\$19.42 per £.)

## Reports from Tientsin

Since its take-over by the Communists in mid January of this year, Tientsin has been the first important Chinese city in which to observe Communist policies and regulations governing commercial activities. The latter, which involve foreign trade, exchange controls, business registration, remittances, and other transactions have been largely patterned after the former Nationalist regulations. Although the transition, as in Shanghai, was accomplished without undue difficulties, some of the attitudes adopted by the Communists toward foreign business appeared to be unfriendly.

This was indicated in part by the onerous industrial and business taxes levied by the new regime as a means of averting inflation, a situation the Communists appear determined to prevent at any cost. By July 15, total tax collections had amounted to the equivalent of more than US\$1,500,000, of which foreign firms paid a disproportionate share. Although the taxes were purportedly based on the volume of business done and the size of the firm, they were levied apparently with no relation to income. Businesses were arbitrarily assessed so many "units," with stiff fines imposed for late payment.

Although the Communists have announced their intention to encourage foreign trade, particularly exports, the sale of the more important exportable items, including tung oil, bristles, edible and nonedible oils and seeds, coal, and ores, is monopolized by the state-owned trading companies with over-all control of commerce vested in the Communist Foreign Trade Control Bureau.

The volume of imports declined during June and July, whereas exports showed an increase. This latter was due not so much to the abolition of ex-

The official exchange rates as established by the Bank of China in Shanghai and Tientsin have become increasingly unrealistic and the earlier hopes, entertained by circles more friendly disposed towards the administrators of the new regime, in the astute management of financial and other economic affairs of the Chinese nation have not been fulfilled. Black currency markets are expanding and merchants are compelled to patronise these markets as the Bank of China is, to put it mildly, too slow in adjusting foreign exchange rates to ever higher levels. As cost of living has been conspicuously rising in Central and North China the value of foreign currencies cannot be artificially fixed as has been shown, with disastrous consequences, during the period of planned hyperinflation by the former KMT-controlled regime in Nanking.

A matter of surprise here and abroad has been the unrealistic fixing of exchange rates for US\$, £ and HK\$. The official crossrate in 'red' China for HK\$ is around 19 per £ while in Hongkong and London the link remains unchanged since the end of world war II, viz. 1/3d. per HK\$ or HK\$ 16 per £. That a HK\$/US\$ crossrate of around HK\$7½ to 7¾ is officially quoted in Shanghai and Tientsin while the free market in the Colony quotes between HK\$95/620 goes to prove that the new financial authorities in China lack sound business sense and proceed arbitrarily. It is therefore no wonder to hear that there is among financial and commercial circles in China growing suspicion as regards the policy and day-to-day management of foreign exchange matters of the Bank of China. (Ed.).



port duties and lowering of other export charges and fees as to the fact that businessmen were anxious to ship goods out in the face of the possible closing of Tientsin to navigation by the Nationalist-imposed blockade. The increase in exports to the United States from April through July is shown in the following tabulation of consular declared export returns:

April	US\$628,815
May	716,289
June	1,560,624
July	1,705,533

Trade with Manchuria increased considerably as the result of barter arrangements for exchanging goods between the respective areas. The state-owned monopoly, the Tientsin and Peiping North China Central Trading Co., is doing most business.

The most important single barter agreement was that concluded between Manchuria and the Soviet Union at the end of July whereby the former is to supply soybeans, vegetable oils, corn, and rice in exchange for Russian industrial equipment and facilities, automotive vehicles, kerosene, cloth, paper and pharmaceuticals.

### Reports from Taiwan

The island of Taiwan has become increasingly important in the affairs of Nationalist China with the southward advance of Communist forces. Of significant importance were the reforms which went into effect on June 15. The rate at which the United States dollar exchanges on the black market keeps pace with, and even surpasses, the rise in commodity prices. Concomitantly with the currency reform, the Nationalist Government advanced about US\$20,000,000 in foreign exchange to Taiwan for the import of raw materials and equipment. By mid-July, the Bank of Taiwan had acquired from exporters more than US\$200,000 in Foreign Exchange Certificates for which there was no strong demand by importers (owing principally to the fact that import-quota schedules—upon which the market value of certificates hinge—had not yet been announced).

If it is assumed that the export trade with the United States continues at the same rate in the second half of 1949 as in the first half, the total will be about the same as that recorded for the year 1948, when the value of declared exports amounted to US\$1,728,179. In the first 6 months of 1949 declared exports from Taiwan to the United States were valued at US\$959,498.

*Commodity Price Index and U. S. Dollar Exchange Rates in Taiwan for the first half year of 1949:—*

Month	Retail commodity price index (Base: Jan-June 1937=100)	U. S. dollar average black market rate Taiwan yen
Jan	1,546,402	31,333
Feb	2,261,448	46,000
Mar	3,019,631	63,833
Apr	4,599,461	138,666
May	10,190,566	203,333
June	15,456,228	280,000

### Hongkong's Public Finance

#### HONGKONG REVENUE & EXPENDITURE

Year	Revenue	Expenditure	Surplus	Deficit
1933	\$32,099,278	\$31,122,715	\$ 976,563	—
1934	29,574,286	31,149,156	—	\$1,574,780
1935	28,430,550	28,291,636	138,914	—
1936	30,042,984	29,513,520	529,464	—
1937	33,196,368	32,111,222	1,085,146	—
1939	41,478,052	37,949,116	3,528,936	—
1940/41	70,175,114	64,787,556	5,387,558	—
1941/42	56,786,000	60,642,715	—	3,856,715
1946/47	82,141,556	85,624,391	—	3,482,835
1947/48	164,298,310	127,701,174	36,597,136	—
1948/49	194,933,955	159,954,023	34,979,932	—
1949/50	180,151,370	179,924,312	227,058	—

Notes:—1940/41 was a financial year of 15 months. For 1941/42 only estimates. 1946/47 was a financial year of 11 months. 1949/50 first estimate for current fiscal year.

The fiscal year April 1, 1948 to March 31, 1949 brought a revenue balance of \$34.9 million (total revenue \$194.9 m., total expenditure \$159.9 m.) or a monthly surplus average of \$2.9 m. The current fiscal year's four months from April to July showed a revenue balance of \$15.4 m. or a monthly surplus average of \$3.86 m. (for the four months: revenue \$69,884,752, expenditure \$54,443,698).

The total revenue balance of Government as at July 31, 1949 amounts to \$87½ m. (carry forward from fiscal year 1947/48 \$37 m., carry forward from fiscal 1948/49 \$34.9 m., total carry forward to 1949/50 \$72.1 m. and revenue surplus for April/July 1949 \$15.4 m.).

Revenue continues buoyant and Government is assured of further regular surpluses. The community is relatively

the wealthiest in the Far East and can well afford to pay for expenditure as estimated for the current year (\$180 m.).

The floating of loans may however prove not simple because local capital is extremely wary of investing funds in the Colony under present political conditions in China; a higher rate of interest than is paid on existing loans may stimulate investment.

Provided that monthly revenue surpluses will continue at the rate of the first four months of fiscal 1949/50, the total revenue balance by March 1950 should amount to about \$120 million. Under these expected conditions it may prove unnecessary to float the remaining \$100 m. of the Rehabilitation Loan of 1948 (which was authorised for \$150 m. but only \$50 m. were issued).

#### Hongkong Government Revenue and Expenditure for fiscal year 1948/49:—

Revenue	
Duties	41,111,284
Assessed Taxes	14,984,710
Internal Revenue	70,513,071
Licences, Fines and Forfeitures	13,195,025
Fees of Court or Office	14,342,832
Water Revenue	6,312,940
Post Office	9,325,004
Kowloon-Canton Railway	7,000,943
Revenue from Land Rents, etc.	5,247,349
Miscellaneous Receipts	6,785,404
Colonial Development and Welfare Grants	215,559
Total (Exclusive of Land Sales)	189,034,125
Land Sales	5,899,829
Grant by Imperial Govt.	—
Total Revenue	194,933,955
Expenditure	
His Excellency the Governor	212,680
Colonial Secretariat and Legislature	954,861
Audit Department	247,328
Civil Aviation Department	566,641

The revival of both trade and business was retarded by a lack of ready funds and increased costs of producing export commodities. Although the Provincial Government announced its intention to assist industries in getting on their feet, the bulk of the Government's effort appeared to be aimed at assisting new industries, particularly textile and chemical, in getting established by locating plant sites, obtaining power supply (of which there is no surplus) and obtaining operational funds.

The Food Director of the Province announced that the agricultural program called for the production of 1,200,000 tons of rice sufficient to feed 8,000,000 people (the population of Taiwan is 6,126,006). To achieve this objective, however, sugar acreage was reduced to about 100,000 hectares (247,000 acres) representing a 10 percent decline from last year's figure. In line with this program, the Taiwan Sugar Corporation was considering the possibility of suspending operation of four plants in the northern part of the island.

The Keelung factory of the Taiwan Fertilizer Manufacturing Corp., reports that its potential annual production is now 30,000 metric tons greater, following the installation of equipment obtained through UNRRA.



Development Secretariat:—	
A. Directorate .....	48,492
B. Agricultural Dept. ...	357,813
C. Fisheries Dept. ....	62,601
D. Fisheries Research Station .....	19,132
E. Forestry Dept. ....	483,086
F. Gardens Dept. ....	413,948
Subventions .....	878,546
District Office, N.T. ....	365,267
Education Dept. ....	11,703,080
Fire Brigade .....	947,603
Hongkong Naval Volunteer Force .....	47,266
Hongkong Volunteer Defence Corps. ....	620,392
Imports & Exports Dept. ....	1,037,651
Inland Revenue Dept. ...	593,095
Judiciary:—	
A. Supreme Court ....	329,040
B. Hongkong Magistracy ..	116,388
C. Kowloon Magistracy ..	104,987
Kowloon-Canton Railway Labour Office .....	4,361,198
Legal Departments .....	236,845
Marine Department .....	524,189
Medical Department .....	4,275,931
Miscellaneous Services ..	12,924,504
Pensions .....	57,386,656
Police Force .....	6,499,716
Post Office, Telecommunications & Broadcasting:—	
A. Post Office .....	10,715,688
B. Telecommunications ..	2,932,582
C. Broadcasting .....	784,288
Prisons Department .....	242,613
Public Debt .....	3,030,448
Public Relations Office ...	4,009,900
Public Works Dept. ....	72,493
Public Works Recurrent ...	3,643,255
Royal Observatory .....	9,747,899
Sanitary Department & Urban Council .....	291,385
Secretariat for Chinese Affairs:—	
A. Secretariat for Chinese Affairs .....	4,313,057
B. District Watch Force ..	172,759
C. Social Welfare Office ..	183,343
Statistical Office .....	1,005,032
Stores Department .....	114,606
Supplies, Trade & Industry Department .....	7,874,312
Treasury:—	
A. Accountant General's Department .....	731,967
B. Ration & Valuation Office .....	726,223
Custodian of Property ...	161,643
Colonial Development and Welfare Scheme .....	57,993
	219,434
Total Expenditure .....	159,954,023

#### Government Loan

The position of the Rehabilitation Loan (1948) was as follows at the end of last fiscal year:—Total funds allocated \$150 m.; charged to Loan funds (from first instalment of Loan floated) \$50 m.; charged to Advances pending the raising of the second instalment (or some other form of finance) \$37.6 m.; total expenditure to March 31, 1949 \$87.6 m.

During the first four months of the current fiscal year (April-July) loan expenditure was only \$4.9 m. Thus the total expenditure up to July 31 was \$92.6 m.

## Exchange & Financial Markets

### The British Economic Position

**Production:**—The index of the United Kingdom's industrial production (1946 = 100) was 119 for August 1949 compared with 117 for July 1949. Figures for the corresponding months last year were 110 for August 1948 and 112 for July 1948. Production in these months is seasonally low because a large number of firms take their annual holidays at this time of the year. In the first eight months of 1949 industrial production has been on the average between 6% and 7% higher than in the same period last year. This is much greater than the increase in manpower in the corresponding industries which rose from 10,776,000 in the middle of 1948 to 10,913,000 in the middle of 1949 — a gain of between 1% and 2%.

**Overseas Trade:** — (a) There was a further decline in the volume of exports in the 3rd quarter from the very high level reached in the first quarter of the year: Volume of U.K. exports (1938=100):—1949 1st quarter 156, 2nd quarter 146, 3rd quarter 142. In 1948 exports averaged 136% of the 1938 volume. (b) Exports to North America were little changed in value in the 3rd quarter, compared with the 2nd, but were lower than in the 1st.

**The "Cuts":** — The "cuts" fall into two categories, those planned to be made in next year's capital investment programme and savings in the Budget. The total planned reduction in expenditure in both categories is in the region of £250 millions in a full year. Gross fixed investment was running at £2,000 millions in 1948 and the total this year may turn out to be about £2,100 millions. The main changes proposed will entail reductions totalling £140 millions.

Government has been able to finance the various rehabilitation works to the extent of \$42.6 m. (the funds having mostly come from the revenue balance which amounted to \$87½ m. by the end of July, and to a lesser degree from floating balances of the trading business managed by the Dept. of Supplies & Distribution).

The allocation of funds of the Loan and the actual payments made as at July 31, 1949 were as follows:—

	Funds Allocated (1000 HK\$)	Total Expenditure to 31st July, 1949 (1000 HK\$)
Agriculture, Forestry & Gardens .....	1,470	1,113
Air & Meteorological Services .....	310	217
Buildings .....	38,790	24,686
Claims & Compensation .....	30,850	28,690
Education .....	7,210	4,885
Harbour Facilities .....	5,450	3,257
Medical Services ..	1,715	1,535
Miscellaneous .....	8,500	6,508
Public Works .....	29,905	14,563
Railway .....	19,400	3,464
Waterworks .....	6,400	3,714
Totals .....	150,000	92,639

### Chinese Exchange Markets

The People's Government in South China has last week issued an order which prohibits the circulation of HK\$ in Kwangtung (announced on Nov. 15 in Swatow and on Nov. 18 in Canton). The People's Bank yuan (dollar) is to be the sole legal tender and such currency as issued during the last few weeks, after Kwangtung passed under the control of the new regime, by regional and military authorities will, presumably, be called in and exchanged for PB\$. No conversion deadline for HK\$ and other foreign currency notes (or holdings abroad) has been announced.

The official buying rate in Canton is PB\$600 for Hongkong notes (in other parts of Kwangtung different official rates prevail, the lowest in Swatow where PB\$450 are officially paid to persons who venture to the People's Bank rather than to curb market operators). The black market in Canton paid 160 to 180% higher rates than the People's Bank, closing last week at about PB\$1670 per HK\$1 (notes) and slightly higher for TT Hongkong.

The public in Canton is unfavourably impressed with the policy of the People's Bank; that HK\$ are to be withdrawn from circulation was expected and is generally approved, it being realised that China cannot continue to use other countries' money but has to resume a currency circulation of its own; however, it is a matter of painful surprise that the new authorities fall into the same grave error of artificially undervaluing foreign exchange. Public support of the new regime cannot be expected if such measures as the undervaluing of HK\$ — the currency of Kwangtung during the last few years which is held by the broad masses — are carried out. The common man is most severely hit if his small savings, in HK\$, are to be taken from him in return for only one third of its actual purchasing value.

Elsewhere in China there has been growing black market activity as a result of the new authorities' refusal to appreciate foreign exchange following the general rise in commodity prices and cost of living. In Shanghai, last week, the official buying rates of the Bank of China were for Hongkong notes PB\$730, for drafts PB\$1000 (a premium of 37% for drafts on notes); the curb market however paid for notes up to PB\$ 1500 and for TT about 10% premium. US notes were officially bought at PB\$6200, and drafts PB\$7400 (a premium over notes of about 20%); the curb market paid for US notes PB\$10,000 to 10,500. Against the official buying rates the black market paid 100% more for Hongkong notes, 60 to 70% more for funds in Hongkong, about 65% more for US notes.

Gold was traded around PB\$440 to 450,000 per oz or at US\$42½ to 43½.

In Hongkong some business in PB\$ (remittances) was done at rates between PB\$1350 to 1500 per HK\$1.



The Shanghai curb market traded Hongkong notes against US notes at a crossrate of HK\$6.80 to 6.90 but the TT or draft crossrate was more in line with Hongkong, viz. 6.20 to 6.30.

There has been considerable demand by Shanghai traders and investors for any type of foreign exchange and confidence in the stability of the PB\$ has been undermined to a considerable extent. The skyrocketing prices indicate growing loss of faith in the ability of the new authorities to maintain the purchasing value of the new legal tender of China. Past experiences of the Chinese people with their paper money have been most disappointing and although initially the People's Bank yuan was welcomed and there were some hopes for this new paper money winning the favour of larger sections of the population, it seems today that a crisis has broken out which may, if not clever rather than energetic steps are taken by the new government, cause the collapse of confidence in the PB\$.

Gold and US\$ Exchange with Shanghai:—Highest and lowest rates were for gold 870—775, for US\$ notes, 880—810 in Hongkong for 1000 in Shanghai. Total business transacted: 1,800 taels of gold and US\$62,000.

Gold Exchange with Taiwan:—Highest and lowest rates were 957½—942½ in Hongkong for 1000 in Taiwan. Total business transacted: 1,100 taels.

Hongkong Dollar Exchange with Canton:—Highest and lowest rates were 1005—992½ in Hongkong for 1000 in Canton. Total business transacted: HK\$700,000.

Hongkong Dollar Exchange with Swatow:—Highest and lowest rates were 950—900 in Hongkong for 1000 in Swatow. Total business transacted: HK\$400,000.

Official People's Bank Exchange Rates of last week:—For Sterling: TT in Tientsin and Shanghai 17,500, notes in Shanghai 11,000. For US\$: TT in Tientsin 7,000, in Shanghai 7,400; notes in Shanghai 6,200, in Canton 4,000, in Swatow 2,800. For Hongkong \$: TT in Tientsin 825, in Shanghai 1000, in Amoy 789; notes in Shanghai 730, in Canton 600, in Swatow 450.

#### US\$ Market

There was last week large speculative buying of TT New York which caused the open market rate to rise to \$624. Sales in the native market amounted to US\$3 million (TT 1¼ m., DD and notes 1¼ m.). Arbitrageurs

#### FAR EASTERN COUNTRIES SHORT-TERM BALANCES IN THE USA

Date	China & Manchuria	French Indochina	Hong-kong	British Malaya	Japan	Indonesia	Philippine Republic
1942—Dec. 31	360.9	27.4	41.6	1.0	4.8	160.4	254.7
1943—Dec. 31	574.2	27.4	23.9	.9	4.1	110.1	259.1
1944—Dec. 31	427.3	27.4	22.9	1.3	4.0	110.5	365.8
1945—Dec. 31	582.3	28.0	27.4	1.2	4.1	113.7	629.1
1946—Dec. 31	431.9	39.9	44.9	17.3	16.6	127.1	446.6
1947—Dec. 31	229.9	6.5	39.8	11.0	31.3	69.3	488.6
1948—Aug. 31	146.4	5.9	47.2	14.7	76.8	36.7	521.7
Sept. 30	181.7	5.3	49.0	15.8	74.2	51.9	496.1
Oct. 31	154.6	6.4	43.3	13.9	76.8	54.0	508.4
Nov. 30	194.1	5.7	48.7	9.7	77.9	50.1	502.0
Dec. 31	216.2	7.8	51.1	12.9	81.4	41.5	488.3
1949—Jan. 31	190.1	8.2	57.3	11.4	91.6	41.0	450.4
Feb. 28	182.2	8.3	52.9	10.1	121.6	38.8	402.5
Mar. 31	179.0	7.7	53.4	10.5	128.4	34.7	413.6
Apr. 30	161.9	8.0	52.6	12.3	123.2	33.5	428.8
May 31	147.0	5.5	55.7	12.2	135.2	31.5	407.4
June 30	119.2	6.1	67.7	12.5	141.6	36.1	383.7
July 31	125.3	5.0	78.9	12.3	144.2	27.1	360.2

were again active as buyers as New York and Zurich quoted lower crosses than Hongkong and profit margins became attractive. Smaller investors started buying of US notes especially after it became known in the market that a British bank purchased, on behalf of a client, over US\$500,000. As it always happens in a period of bullish speculation, holders of US funds delayed sales and thus contributed to the upward tendency.

Highest & lowest market rates of last week, in HK\$:—notes 618—605, DD 623—609, TT 624—611½. Cross-rates, US\$2.564, low, 2.616, high.

The determination of the rate of free market (transferable) area account sterling depends now on the trend abroad. Under present conditions Hongkong is acting as a brake on sterling undervaluation. It is hoped here that the low unofficial rates of US\$2.50 to 2.55, as reported from foreign exchange markets, may prove to be shortlived and that the discount which 'freely transferable sterling' now suffers can be reduced to, say, 3 to 5%.

#### Official Exchange Rates

As from Nov. 16 new rates have been fixed by Hongkong Exchange Banks' Association. The new rates for sterling, buying and selling, are 1/32nd lower than those fixed on Nov. 4. Correspondingly lower rates went into effect as regards other currencies of the sterling area and outside the sterling area.

Maximum selling rates as from Nov. 16: 1/2 27/32 (from previously 1/2 7/8), maximum buying TT 1/2 15/16, DD 1/2 31/32 (from respectively 1/2 31/32 and 1/3). US\$ selling 17¼ (from 17 5/16) and buying TT and DD 17 7/16 (from 17½).

#### Unofficial Exchange Rates

Last week's highest & lowest bank note rates on the free market, in HK\$:—Piastre, nominal forward, 11.90, Nica guildler 24—23½, Baht 27. Pound note 15.10—14.80, Australian pound 12.25—12.10, Canadian dollar 5.40—5.32, Malayan dollar 1.84—1.83½, Indian rupee 1.15½—1.13½, Burmese rupee .80—77, Ceylon rupee 1. Peso 3—2.95.

TT Singapore transactions in the free market have increased during recent weeks but rates are quoted about the same as at the authorised banks in the Colony. Native banks can arrange for adequate transfers of Malayan dollars (in and out of Singapore) and merchants as well as exchange speculators (connected with arbitrageurs) make use of these facilities as otherwise the permission of Exchange Control has to be obtained and such permission is refused if transactions are of a speculative character. Overseas Chinese in Malaya supply considerable funds to the Hongkong buyers. Last week's rates in the unofficial exchange market for TT Singapore were Mal\$ 53.40 to 53.70 per HK\$ 100. Total sales in the native market: Mal\$ 1,350,000 (from Nov. 14—19).

#### Indochina Foreign Exchange

The parity of the piastre to the French franc remains fixed at the ratio of 17 French francs equals 1 Indochinese piastre; but the exchange rates between the piastre and other currencies are based on the Paris free-market franc rate, presently fixed at 350 francs to the United States dollar. Foreign trade will be conducted at this free rate instead of being based on the averages between the official and free rates. Calculated at the above rate, US\$1=20.588 Indochinese piasters, or 1 piastre=US\$0.04887.

#### HONGKONG OPEN MARKET RATES per US\$100

November	Notes		Drafts		T.T.	
	High	Low	High	Low	High	Low
14	6.08	6.05	6.11½	6.09	6.13½	6.11½
15	6.18	6.08¼	6.22	6.12¼	6.24	6.14½
16	6.18	6.12	6.22½	6.16	6.24¾	6.19
17	6.15	6.12	6.20	6.16	6.22	6.19
18	6.14½	6.12½	6.19¼	6.17	6.21	6.19½
19	6.18	6.16	6.23	6.19	6.24	6.22



## Gold Markets

During the week under review gold prices were uncertain with narrow fluctuations of about  $3\frac{1}{2}$  per cent. Highest and lowest prices were for .945 fine gold \$306 $\frac{1}{2}$ —295 per hongping tael, equivalent to 321—310 for .99 fine gold. Cross rates were from US\$42 to 42 $\frac{1}{4}$  per ounce.

Trading reports of last week:—Monday, Nov. 14:—Opening and closing rates \$297 $\frac{3}{4}$ —299 $\frac{1}{2}$ . On the fictitious forward market the change over favoured sellers at the interest rate of 9 cents per tael of .945 fine per day. Throughout the week the change over rates continued in favour of sellers. Lowest of the week 295 recorded, but rates recovered on profit-taking covers. Tuesday, Nov. 15:—Opening and closing 299 $\frac{1}{4}$ —301 $\frac{3}{4}$ . Change over 15 cents. Better buyers following higher US\$ rates. Wednesday, Nov. 16:—Opening and closing 302—301 $\frac{3}{8}$ . Change over 14 cents. Unconfirmed report of enquiries for purchases in Macao by Indian merchants pushed the rate to 306 $\frac{1}{2}$ , highest of the week, but lower Canton quotations set off this bullish sentiment. Thursday, Nov. 17:—Opening and closing 301 $\frac{1}{2}$ —297 $\frac{1}{2}$ . Change over 9 cents. Speculators liquidated to wait for better opportunities. Friday, Nov. 18:—Opening and closing 297 $\frac{1}{2}$ —300 $\frac{1}{2}$ . Change over 10 cents. Quiet market prevailed. Saturday, Nov. 19:—Opening and closing 301—300 $\frac{1}{2}$ . Change over 9 cents. Rates were stagnant, and nothing was done in the unofficial afternoon market.

Official and unofficial tradings during the week totalled about 192,000 taels (a daily average of 32,000 taels). Positions left open estimated at an average of about 161,000 taels per day, in which interest hedging forward operators and Canton operators oversold, while gold importers were satisfied with their cash holdings and continued overbought.

Cash bars turned over officially 18,310 taels, unofficially 13,000 taels, totalling 31,310 taels, in which about 20,000 taels changed hands by interest hedging forward operators.

A total of about 9,000 taels were imported, of which 2,000 taels from North China and 7,000 taels from Macao. Over 8,500 taels were exported. (To Bangkok 3,500 taels, Singapore 3,000 taels, and Indochina 2,000 taels; all in .99 fine bars).

Local ornamental consumption was estimated at 2,500 taels. Ready delivery stocks in the Colony amount to about 340,000 taels.

## Silver Markets

During the week under review, the highest and lowest prices of bar silver were \$4.85—4.75 per hongping tael. Hongkong and other dollar coins 3.03—2.98 per coin. Chinese dollar coins 3.05—3.00 per coin, and twenty cents coins 2.65—2.50 per five coins.

Silver prices were rather steady for higher US\$ rate induced buying though exporters were still not prepared to ship. Total business: over HK\$650,000 in value.

## Hongkong Stock &amp; Share Market

The general tone of the market last week was uncertain and the volume of business which was heavy during the first few days fell to almost nil at the close of the weekly session. Profit-taking sales accounted for a significant portion of the turnover while investment buying by both old holders and new interests did not amount to much in spite of the general feeling that more settled times are now at hand.

Developments in Kwangtung were largely responsible for reticence on the part of buyers; this market is easily swayed to take a dim view of the future, that is to say, it lacks stability and confidence in the continuation of peaceful conditions in the Colony, besides always being on the ready to distrust the new authorities in Peking as regards their will to maintain correct relations with the Western powers. When, for instance, there was some indication of 'trouble' in Macao—over the question whether a demonstration of communist sympathisers was to be held or prohibited—the share market here reacted in the usual jittery manner, and that prices recede under such hypernervous pressure should surprise no-one.

At the opening of the current week there was however a much better sentiment in evidence and the undertone is steady. Prices may not show

further improvement after having risen over the last three weeks. Yields have been reduced to some extent but are still most attractive especially at present when the gold market rules weak and daily change over interest amounts to around 10% (on an annual basis).

Last week's sales totalled 102,810 shares of a value of \$1,953,293 (previous week: 121,908 shares, \$2,671,553). For the third quarter of this year the value of sales amounted to \$15,395,064, and on this basis the weekly average was \$1,184,235.

Dividends declared during last week: Lane Crawford interim of \$1 and bonus \$0.50 per share, free of tax for the year ending Feb. 28, 1950.

Rubber estate companies are listed at the Exchange—a total of 27—but rarely do transactions take place in their shares. The hope to revive business in rubber shares, which were so prominently dealt in before the war at the Shanghai Stock Exchange, has so far not materialised and under present conditions it looks very doubtful whether dealings in these shares can be popularised in Hongkong. For those brokers who promoted, in 1947 and 1948, the introduction of rubber shares at the local Exchange, the state of complete neglect for these shares has come as a keen disappointment.

## A Five &amp; Ten Cent Mystery

One of the minor mysteries of Hongkong is what becomes of its metal coinage? With a certain amount of optimism government in the early part of this year ordered a quantity—around 40 million—of new 10 and 5 cent coins composed of a brass and nickel alloy of a low intrinsic value (70 and 40 grains of alloy respectively); the hope being that ultimately they would replace the existing 10 and 5 cent printed notes, the loss of which no one would deplore. In a population of around 2 million the ordinary unsuspecting citizen would expect to get a sight of these pretty little coins fairly frequently, and for the first month it is true they were in evidence in change given on the ferries, in the trams and buses, on the Peak Tram and in one or two of the larger shops; then suddenly they vanished like the flies in winter, though whether anyone cherishes the hope that they will reappear in the spring is an open question. Meanwhile, with that "sticking power" that we so admire as an outstanding characteristic of the British people, considerable further quantities are on order and are being shipped regularly from the United Kingdom,—evidence being a consignment of 300 cases of ten cent pieces which was recently re-

ceived in Hongkong, was duly handed out to the public who were delighted to see their reappearance for a few days, and then as automatically fled into hiding again. Where do they go? Anyone familiar with the instinct of all Eastern peoples to hoard metal coins in times of trouble can hazard a good guess at what is now taking place, yet it is possible that these coins of so low an intrinsic value can be of any use to hoarders?

Before World War II Hongkong had a pure nickel five and ten cent coinage; these circulated all right until the Japanese occupation when a large quantity was seized and the bulk presumably melted down for their metallic content. After the war a substantial number of these coins was discovered by the Allied occupation authorities in Japan who returned them to the Hongkong Government. They were not, however, reissued as currency, since the price of nickel had risen so that their intrinsic value had become greater than their face value; instead these old coins were retained by Government for disposal for their metallic content and new coins took their place. No new five and ten cent notes are being printed at present, as the intention is to replace them ultimately by the new coins.



### Quotations & Sales at Hongkong Stock Exchange of last week:—

Stock	Closing Quotations	Sales	Highest	Lowest	Stock	Closing Quotations	Sales	Highest	Lowest
<b>H.K. Government 4% Loan</b> .....	\$100 nom.	—	100	100	<b>Lands, Hotels &amp; Buildings</b>				
do 3½% " (1934)	\$100 B.	\$10,000	—	—	Hongkong and Shanghai Hotels, Ltd.	\$11.80 B.	\$12.20 s.	18,000	12½ 11.90
do 3½% " (1940)	\$100 B.	—	—	—	Hongkong Land Investment and Agency Co., Ltd.	\$49 B.	\$11.90 sa.	2,000	50½ 50
do 3½% " (1948)	\$100 nom.	—	—	—	Shanghai Land Investment Co., Ltd.	\$2.45 s.	—	3,000	2.50 2.40
<b>Banks</b>					Humphreys Estate & Finance Co., Ltd.	\$11.30 nom.	—	1,050	11.30 11
H'kong & Shai B'ing Corp. ....	1475 s. 1445 sa.	54	1460	1440	Hongkong Realty & Trust Co., Ltd.	\$1.90 B.	—	—	—
" London Register	£ 87½	—	—	—	Chinese Estates, Ltd.	\$140 nom.	—	—	—
Chartered Bank of I.A. & C.	£ 9-11/16	—	—	—	<b>Public Utilities</b>				
Mercantile Bank of India Ltd.		—	—	—	Hongkong Tramways, Ltd.	\$16½ B.	17.20 s.	11,075	17.40 17
A. & B. C.	£ 22½ nom.	—	—	—	Peak Tramways, Ltd.	(O) \$18 nom.	—	—	—
Bank of East Asia, Ltd.	\$109 nom.	—	—	—	(N) \$9½ nom.	\$92 B.	—	—	—
<b>Insurances</b>					Star Ferry Co., Ltd.	—	—	—	—
Canton Insurance Office, Ltd.	\$305 nom.	—	680	650	China Light & Power Co., Ltd.	\$11.90 B.	\$12.20 s.	13,325	13.50 13.10
Union Insee. Socy. of Canton, Ltd.	650 B. \$675 s.	206	680	650	X.D. (O)	—	—	—	—
China Underwriters, Ltd.	\$5½ nom.	—	—	—	Hongkong Electric Co., Ltd.	(N) \$9 B.	\$9.30 sa.	7,403	10.40 9.80
Hong Kong Fire Insee Co., Ltd.	\$215 nom.	—	—	—	Macao Electric Lighting Co., Ltd.	\$31 B.	\$32 s.	3,710	33 32
<b>Shipping</b>					Sandakan Light & Power Co., Ltd.	\$22½ nom.	—	700	22½ 22¼
Douglas Steamship Co., Ltd.	\$200 nom.	—	—	—	Hongkong Telephone Co., Ltd.	\$8¾ B.	—	1,900	19¾ 19½
Hongkong, Canton and Macao Steamboat Co., Ltd.	\$11 nom.	—	—	—	Shanghai Gas Co., Ltd.	\$19.20 B.	—	—	—
Indo-China Steam (Preferred)	\$89½ nom.	—	—	—	—	\$1½ nom.	—	—	—
Navigation Co., Ltd. (Deferred)	\$200 nom.	—	—	—	<b>Industrials</b>				
Shell Transports (Beaver)	\$68/4¼ nom.	—	—	—	Green Island Cement Co., Ltd.	\$24 B.	\$24½ s.	5,800	24½ 24
Union Waterboat Co., Ltd.	\$27 nom.	—	—	—	Hongkong Rope Manufacturing Co., Ltd.	\$16¾ B.	\$24 sa.	—	—
Eastern Asia Navigation Co., Ltd.	\$0.75 B.	—	—	—	<b>Stores, Etc.</b>				
<b>Docks, Wharves &amp; Godowns</b>					Dairy Farm, Ice & Cold Storage Co., Ltd.	\$44 nom.	—	3,383	44½ 44
Hongkong & Kowloon Wharf & Godown Co., Ltd.	\$112 B. \$116 s.	300	115	115	A. S. Watson & Co., Ltd.	\$47¼ s.	—	3,750	48 47
North Point Wharves, Ltd.	\$6 B.	500	6	6	Lane, Crawford, Ltd.	\$21 s.	—	2,300	21 20¼
Shanghai & Hongkew Wharf Co., Ltd.	\$11 B.	1,424	11	10.80	Sincere Co., Ltd.	\$4.40 nom.	—	—	—
Hongkong & Whampoa Dock Co., Ltd.	\$19.40 s. \$19.30 sa.	7,000	20	19.30	China Emporium, Ltd.	\$8.70 nom.	—	450	8.70 8.70
China Provident Loan & Mortgage Co., Ltd.	\$13 s.	1,800	13	12.80	Sun Co., Ltd.	\$2.85 nom.	—	—	—
Shanghai Dockyard, Ltd.	\$9 nom.	800	9	9	Kwong Sang Hong, Ltd.	\$98 nom.	—	—	—
Wheelock Marden & Co., Ltd.	\$30 B.	—	—	—	Wing On Co., Ltd.	\$72 nom.	—	—	—
<b>Mining</b>					William Powell, Ltd.	\$9½ nom.	—	—	—
Raub Australian Gold Mining Co., Ltd.	\$5½ B.	1,000	5.77	5.70	<b>Miscellaneous</b>				
Hongkong Mines, Ltd.	\$0.015 nom.	—	—	—	China Entertainment and Land Investment Co., Ltd.	\$13½ B.	—	—	—
					H.K. Engineering & Construction Co., Ltd.	\$2.30 B.	—	—	—
					do do do (O)	\$1.30 nom.	—	—	—
					Vibro Piling Co., Ltd.	\$15 nom.	—	—	—
					Shanghai Loan & Investment Co. Ltd.	\$1.80 nom.	—	—	—
					Yangtze Finance Co., Ltd.	\$2¾ B.	—	—	—
					<b>Cotton Mills</b>				
					Ewo Cotton Mills, Ltd.	\$6¾ B.	—	2,300	7 6.85



## COMMERCIAL MARKETS

### RESUMPTION OF HONGKONG-JAPAN TRADE

After about 2 months' suspension of Hongkong-Japan trade the local Dept. of Supplies & Distribution finally authorised resumption of trade as from Nov. 18. No official explanation was however made as to the very long delay and the damage thus done to the trading interests of Hongkong. It is hoped that the newly appointed director of that Department will see to it that in future there will be no repetition of inefficiency and bungling as was experienced, to the chagrin of all well-meaning residents here and to the detriment of local trading interests, since sterling devaluation of Sept. 18.

Under present conditions it would seem to be advisable to take a charitable view of the lack of efficiency which was so glaringly displayed by the Japan trade section of the Dept. of S & D. The early regularisation of Hongkong-Japan trade and its complete freeing from official control is however now looked forward to with more urgency. The taking over of control of trade by the Japanese Government from SCAP by the 1st of December and 1st of January for respectively exports and imports may be found a suitable occasion to do away here with all control measures in connection with Japan trade.

As from Nov. 18 exports to Japan can be negotiated again and exporters will obtain for their US\$ proceeds in Tokyo HK\$ at the rate of HK\$567 minus 1% (i.e. \$566.33); and importers of Japanese merchandise will have to pay for the US\$ commitments in Tokyo at the rate of HK\$576 plus 5% (i.e. \$604.80). The new exchange rates were announced here about 2 months after sterling devaluation was enforced in the sterling area. The official par value of US\$ has been, as from Sept. 18, HK\$571.429.

The Department has prohibited the transfer of export proceeds (i.e. the 40% which exporters are permitted to retain) but this prohibition has no effect as importers who wish to purchase goods in Japan have them consigned to the name of the Hongkong exporter, and the exporter can sell his 40% US\$ Tokyo account at the free market rate of HK\$8 to 9 (last week's business rates).

The official announcement of the Dept. is as follows:—

**New Rate of Exchange for Post-Devaluation Export Contracts:**—Exports to Japan through the Hongkong Government S.C.A.P. two-way account which are shipped under contracts entered into with S.C.A.P. after the 17th September, 1949, will be paid for at a new rate of exchange which has been fixed at HK\$567-US\$100. Government's commission on such payments will continue to be ½% which with the Bank's commission of ½% makes a deduction of 1% from the payment to be received by the exporter.

**Return Exchange on Post-Devaluation Contracts:**—Exporters will be allowed to use, for the importation of goods from Japan, 40% of the exchange earned by exports actually shipped under post-devaluation contracts. Payment for such imports

will be at the exchange rate of HK\$576-US\$100. Government's commission on such imports will be increased to 4½% with the Bank's commission of ½% make a total of 5% to be added to the amount paid by the importer.

**Fulfillment of Pre-Devaluation Export Contracts:**—Government expects exporters who have obtained export contracts prior to the devaluation of sterling to fulfil such contracts at the old rate of exchange namely HK\$385-US\$100. Such exporters will continue to be permitted to use exchange earned by their exports for the importation of goods from Japan at the old rate of HK\$402-US\$100. The percentage of return exchange made available to exporters will continue to be 40% except where an increased figure has been agreed by the Director of Supplies and Distribution. Government's commission on exports shipped under pre-devaluation contracts will remain at ½% but the commission on imports will be increased to 4½% in the case of all import licences approved after the date of this notice.

**Transfer of Return Exchange Prohibited:**—No import licences will, for the present, be approved except against exchange earned by exporters and transfers of exchange by exporters will not be approved.

**Time Limit for Utilization of Return Exchange:**—If exporters do not apply for import licences against exchange earned by their exports within sixty days of the date on which payment to them is authorised for those exports, the "return exchange" so earned will be deemed to have lapsed. In cases where the "return exchange" has been approved prior to November 18 the time limit will commence from Nov. 18.

**Extra Copies of Documents:**—An extra copy of every licence and every export invoice will be required for transmission to Japan. This will mean five copies of import licences instead of four as at present, and seven copies of invoices instead of six as at present.

**Delivery of Imports:**—All imports will be delivered ex godown with the exception of perishable foodstuffs, cement in bulk and dangerous or hazardous cargo, delivery of which will be made ex ship.

Prior to the re-admission of Japan-Hongkong trade local merchants who justifiably became indignant about the extraordinary delay took steps to revive business by way of Macao. After some larger shipments were put through the Dept. of S & D issued the following statement:—

The importation of Japanese goods into Hongkong is prohibited by an Order made in 1947 unless such goods are covered by an import licence. Such import licences are granted only for goods purchased through the Hongkong Government/SCAP Two-way Account. They are not granted for goods paid for in free market U.S. dollars.

Several consignments of goods intended for transshipment to Macao have recently arrived in Hongkong which were not purchased on the Two-way Account. Importers are reminded that such importation is illegal and that the prohibition on the import of Japanese goods which have been paid for in free market U.S. Dollars applies equally to goods for transshipment to Macao.

The question of paying for Japanese goods from free funds in New York has been often brought to the attention of the Dept. but no explanation was ever given as to why such payment was prohibited. No wonder that merchants generally are in favour of the early liquidation of the local Japan trade control. In spite of official prohibitions trade between Japan and Macao has started but due to the permission here to resume business with Japan there should be little expansion of the trade via Macao. If the local control is however unreasonably conducted, Macao stands a good chance to earn adventurous profits.

### Hongkong Prohibited Exports

As from Nov. 16 a few additions of commodities to the Prohibited Export List have been made. The export of Scotch Whisky, Firewood and Charcoal is prohibited unless a special permit from the Dept. of Supplies & Distribution has been obtained.

Whenever trade control measures are announced here it would be appreciated by the community if an explanation is made. The mere gazettement of a prohibition is not enough, the reasons for such a step should be clearly stated. Government has a Public Relations Officer whose duty it is to inform the public and in connection with export prohibitions official elucidation is always desired. It is hoped that in future any measure concerning the trade of the Colony, whether restrictive or otherwise, will be suitably explained as to the reason for its enforcement.

### The Question of Firewood

The cutting off of supplies of firewood from the West River, Kwangtung, as a result of the Nationalist blockade has made many people anxious about the future, as the Chinese in the Colony are very dependant upon a regular supply for cooking purposes and any shortage is bound to the felt by them. According to official estimates, before the fall of Canton about 3000 tons of firewood was sent to Hongkong weekly from the West River district and the consequent monthly shortage of over 12,000 tons is very serious. Additional supplies are, however, being obtained from Malaya and Borneo which should help to alleviate the situation and meanwhile Government has banned the export of firewood and charcoal from the Colony in an endeavour to preserve such stocks as there are. Some dealers may try to cash in on the situation by increasing prices, but the Hongkong Government has a substantial untouched emergency reserve of firewood the existence of which will serve to prevent any great increase in price. The mere fact that a shipment of wood has arrived from Singapore has sufficed to calm the market down.

Unfortunately one result of the shortage is that the breaking and cutting down of trees on the hillsides in all parts of the Colony has already commenced. During the Japanese occupation the hills were practically denuded of any kind of tree that was good for firewood; after the reoccupation this practice was put to a stop by considerable importations of wood and the young trees had an opportunity to grow again. It is a sad commentary on the situation that the sound of cracking branches and the chopping down of trees should once more be in evidence on any walk in the Colony.

### The Jute Crop

In view of the Indian Government's decision to stop all purchases of jute from Pakistan attention is being focussed on this commodity and its future prospects. The Indian Government's action was attributable to the fact that whereas the Indian rupee was devalued Pakistan's rupee remained unchanged



with the result that India has to pay too heavily for the jute she normally buys amounting to approximately 60% of the yearly output. It is evident that the action taken was intended to force the Pakistan Government to take action at least in so far as jute sales are concerned. The immediate effect was that the Pakistan Government has fixed a minimum selling price for jute, and has appointed agents and brokers to buy, store and sell jute. A Board has also been established to supervise all dealings in this commodity such as storage, transport and insurance.

What the minimum price will be has not yet been announced, but latest estimate as to the quantity of jute cultivated during the year indicate that the yield has fallen, due in some measure to unseasonable weather in the spring of this year. The acreage planted has also declined somewhat falling from 1.56 million acres in 1948 to 1.88 million this year. The yield during the current year is estimated at 3.33 million bales as against 5.48 million bales of 400 pounds last year or a decrease of 39.2 per cent.

#### Rubber Consumption & Production

World consumption of new rubber in the first nine months of 1949 amounted to 1,405,000 long tons, compared with 1,392,500 tons in the corresponding period of 1948. World consumption of natural rubber in September was 115,000 tons, up 5,000 tons from August. The January-September cumulative figure was 1,065,000 tons, compared with 1,030,000 tons in the same period of 1948. Estimated imports into Russia increased to 87,500 tons in the 1949 period from 47,000 tons in the 1948 period. Other foreign consumption increased to 557,500 tons, from 504,000 tons. United States consumption declined to 420,000 tons, from 479,000 tons.

Natural rubber production was 130,000 tons in September, the same as in August. The nine-month cumulative production figure amounted to 1,080,000 tons lagging behind the comparable 1948 figure by 45,000 tons, but ahead of 1949 consumption for the first time this year.

September exports from Indonesia amounted to 39,035 tons (native, 27,240), bringing total exports from that country in the nine-month period to 294,841 tons, of which 183,446 tons were native rubber. In the same period last year, Indonesian exports totaled 328,125 tons, of which 250,145 tons were native rubber.

Stocks of natural rubber, excluding Russian stock and Government stocks in the United States, the United Kingdom, and France, were estimated at 740,000 tons at the end of September, compared with 710,000 tons a month earlier, and 755,000 tons at the end of 1948. September stocks included 220,000 tons in producing countries, 265,000 tons in consuming countries, and 255,000 tons afloat. Afloats, up 25,000 tons from the previous month, were the largest since February.

Consumption of synthetic rubber was 35,000 tons in September, down 2,500 tons from August, making the January-September total 340,000 tons,

as against 362,500 tons in the same period of 1948. Production likewise was 35,000 tons in September, down 2,500 tons from August. The nine-month total was 347,500 tons, compared with 399,000 tons in January-September 1948. End-of-September stocks, unchanged from the previous month, were estimated at 125,000 tons.

#### Philippine Cement Output

On May 1, 1949, the new plant of the Cebu Portland Cement Company on Cebu Island started production, doubling the firm's capacity from 2,000 barrels to a new maximum of 4,000 barrels per day. The firm's old plant is being overhauled, but the work is being done so that it does not involve a complete shut-down. This repair work is about 60 percent finished and the entire overhaul is scheduled for completion by March 1950. In the first 6 months of 1949, the plant produced 555,873 barrels of cement, a 65 percent increase over the 337,768 barrels produced in the same period last year.

#### Abaca Production in the Philippines

Abaca output in the Philippines during January-July 1949 amounted to 322,540 bales compared with 405,470 bales in the like period of 1948. Output in the first 7 months of 1947 totaled 460,588 bales. July production was the lowest recorded in 1949, amounting to only 36,435 bales. This low output was probably due to excessive rainfall, the need to attend to other crops, and a change in prices. Production for all of 1949, however, was still estimated at from 575,000 to 600,000 bales in late August.

#### Philippine Copra

Philippine exports of copra to world markets in the first 7 months of 1949 amounted to 283,766 long tons, as compared with 396,745 and 521,747 long tons in the corresponding periods of 1948 and 1947.

Exports of copra from the Philippines thus far in 1949 have been disappointing. Coconut oil remains out of price relationship with competing oils and fats, particularly tallow, in the United States. In June it was anticipated that copra would continue to decline in price until it came more in line with other fats and oils, also that copra supplies would be heavier beginning in July, the start of the rainy season. Instead of copra prices gradually declining, the reverse has been true. Output of copra has shown a slight improvement.

In recent months copra and coconut-oil supplies have been short in the United States, and it has been necessary for crushers and consumers to purchase for immediate delivery. With copra supplies smaller than expected and urgent demand by consumers for oil, copra has moved rapidly upward in price. During the middle of June copra was normally quoted at about \$140 per short ton c. i. f. west coast, United States. By the close of August, Philippine sellers were asking for \$187.50 to \$190 per short ton c. i. f.

Exports of coconut oil in the first 7 months of 1949 amounted to 35,229 long tons, as compared with 18,590 tons in

the corresponding period of 1948. Exports of coconut oil in the year 1948 amounted to 41,774 tons.

In view of the smaller copra production and the price relationship of coconut oil with other fats and oil, any prediction of the copra supply and export situation for the remainder of the year would be difficult. If prices for fats and oils decline in the United States, there probably will be a decrease in the price of Philippine coconut oil. It is unlikely, however, that in the next few months coconut oil will come into a favorable relationship with soap fats in the United States. Minimum quantities of coconut oil probably will continue to enter the soap kettle.

The Philippine market is characterized by much speculation, and the trade openly states that anything can happen in copra and coconut oil.

There are indications that shipments to Europe over the next several months will be low because of dollar shortages. As of August 25, 1949, there were no indications of new ECA funds being made available.



### Pepper Exports from Malaya

During June 1949, about 303.59 tons of black pepper and 101.75 tons of white pepper were exported from Malaya, representing a decrease of 43.29 percent for black pepper and an increase of 7.85 percent for white pepper, as compared with the preceding month's figures.

Of the total exports of black pepper, Malaya's best markets were Brazil which accounted for 103.60 tons or 34.12 percent; the Netherlands, 72.02 tons or 23.72 percent; Australia, 35.37 tons or 11.65 percent; and the United Kingdom, 31.60 tons or 10.41 percent. No shipment of black pepper was made to the United States during June 1949, as against 48.60 tons in May 1949.

Malaya's best customers for white pepper during June 1949 were the Union of South Africa, which took 59.15 tons or 58.13 percent of the total exports, and the United Kingdom, 12.50 tons or 12.29 percent. The United States bought only 5 tons or 4.91 percent of white pepper during June (15 tons or 15.90 percent in May 1949).

Total exports during the first 6 months of 1949 were 2,166.46 tons of black pepper and 865.65 tons of white pepper as compared with 2,485.25 tons and 1,960.77 tons, respectively, in the corresponding period of 1948, representing decreases of 318.79 tons or 12.83 percent for black pepper and 1,095.12 tons or 55.85 percent for white pepper.

### HONGKONG COMMODITY MARKETS.

#### Cotton Piece Goods

The piece goods market showed renewed activity during the week as a result of heavy purchases by Indian exporters for Middle East markets; this demand is expected to continue. Pakistan interests were also in the market 30,000 pieces of grey sheetings being purchased. Notwithstanding the inactivity caused by the Communist embargo on the despatch of grey sheetings from Hongkong to Canton as well as the arrival of 10,000 pieces from Tientsin, prices showed an improvement: Fairy Eagle rose from \$51.50 to \$54 per piece, Mammoth Bird from \$53 to \$55, Double Flying Dragon from \$48.30 to \$50.50, Peacock (new) from \$52.50 to \$57 per piece; prices in Canton were quoted at from \$64 to \$65 per piece.

#### Raw Cotton & Cotton Yarn

Canton, Shanghai and Swatow buyers were in the market for raw cotton. The Indian product made another advance in price, sales being made to Shanghai factories of 4F for 20 count cotton yarn at \$1.86 per lb., the price later rising to \$1.90 but without sales; NT sold at \$1.95 per lb. and other qualities fetched \$1.68. Swatow buyers taking lower quality raw cotton at \$1.50. In the meantime the indent cost of Indian cotton yarn has risen to \$1.90 per lb. The price in Canton for a bale of raw cotton was \$790 yielding a considerable profit against the Hongkong price of \$640 per bale. Opinion was that prices would continue to rise.

Large shipments of around 4000 bales of Indian 10's and 20's cotton yarn arrived and more are expected. The chief markets for cotton yarn 10's are in south Kwangtung and Macao but for the present there is no demand from this quarter. The Indian indent price now in \$670 per bale c.i.f. Hongkong for 10 counts, \$920/\$950 for 20 counts and \$1200/\$1300 for 32 counts, and owing to the necessity for completing outstanding orders by next May the Indian Government has restricted the export of cotton yarn to 200 bales per factory per month. The increase in the indent price of Indian raw cotton has also affected the cost of the locally made cotton yarn, for instance the factory price of Camel brand 20's was \$1280 per bale whereas the market price was \$1260. On the market, the price of Camel brand 10's fell from \$940 to \$930, the fall being mainly due to the difficulty of shipment to Canton; in 20's Blue Phoenix dropped from \$1400 per bale to \$1390 and Golden City from \$1400 to \$1380, while Indian A. quality 20's fell from \$970 to \$960 per bale.

#### Metals

Although square, round and flat mild steel bars showed no improvement during the week, angle bars increased further in price; from a small quantity which arrived 1½" was disposed of at the high price of \$56 per picul while 1½" and 2" were also offered at this figure; with the indent price at £29.10/- per ton satisfactory profits could be made on these transactions. Buyers from Shanghai and North China were in the market and such specifications as were allowed export permits improved while those without showed a fall: round bars 40' x ½" were most in demand for export and went up to \$36 per picul while 5½" sold at \$35; square bars 20' x 22" in which little export interest was shown fell to \$36 per picul for ½" and to \$33 for ¾" while ½" dropped to \$34 and ¾" to 1¼" were offered at \$32. The improvement previously noted in zinc sheets continued with Shanghai buyers again in the market: Polish origin G5 remained steady at \$140 per picul and G6 rose to \$135 per picul with further increases anticipated; Belgian G5 stood at \$143 but without sales. Mild steel plates were in demand by Tientsin and Shanghai buyers and heavy sales were recorded, however, stocks on hand of over 1000 tons and the expected arrival of further supplies early next year prevented much increase in prices: French 4' x 8' 1/32" was offered at \$85 per picul, 1/16" & 3/32" fetched \$70, ½" sold at \$60 and 3/16" to ½" at \$52 per picul; 5' x 6' 1/16" was offered at \$68, 3/32" at \$63 and ½" and 3/16" to ½" at \$50. French en route cargo 4' x 8' 1/16" was offered at \$41.50 per picul, 3/32" at \$40.50, ½" at \$38.50 c.i.f. Hongkong. Galvanized mild steel sheets, thick, were also active, European 3' x 7' G24 & G26 selling at \$1.10 per lb. and G28 realising \$1.20/\$1.25 per lb.; U.S.A. G24 forward price was at 59 cents per lb., G26 stood at 61 cents and G28 at 65 cents per lb; British allocation cargo

G24 was bought forward at 46 cents per lb., G26 at 56 cents and G28 at 78 cents per lb. The first consignment of Japanese galv. mild steel sheets, thin, arriving since the resumption of Japanese import permits, was on the market and 3' x 7' G30 rose to \$13.50 per piece while 3' x 6' stood at \$11.80; the indent price for this Japanese cargo c.i.f. Hongkong was at \$5.85 per piece; Belgian 3' x 7' was offered at \$14 per piece. The lead market was uninteresting, new arrivals were short and with few demands the market showed little activity. Pig lead 99% remained unchanged at \$108 per picul, Canadian pig lead stood at \$115 and Australian at \$110 per picul, while lead compound remained stationary at \$78 per picul. Shanghai and Tientsin buyers were in the market for copper wire for telephone installations and specification G8 was in demand the price rising from \$210 to \$225 per picul, G10 also improved to \$200 while G6 and G7 were offered at \$200. Tinplate waste was steady, with improvement in some grades; the selling offer for British ½ cwt. 20-28" was at \$87 per case and forward at \$82. Electrolytic tinplate sold at \$78 per 200 lbs. and was offered forward at \$66.

#### Glass

Owing to the almost total lack of demand from China in particular the glass market was practically dead during the week. Prices therefore showed no change 100 ft. 16 oz. Japanese glass being offered at \$27 per case and 200 ft. 18 oz. at \$56, while French 100 ft. 16 oz. stood at \$26 and 200 ft. 18 oz. at \$51, and Czechoslovakian 200 ft. 18 oz. remained at \$50 and 100 ft. 16 oz. at \$25.70 forward delivery.

#### Paper

After a considerable period of inactivity the old newsprint market awoke with heavy buying by Indian merchants: Red Band 280 lbs. without label sold at \$18.80 per picul, Bell brand fetched \$23.50 per picul and Cat brand at \$21. During last month the chief markets for paper were Shanghai, Tientsin, Tsingtao, Canton, South and North Korea, Thailand, and French Indochina, and about 5000 tons was shipped to these ports. Difficulties however over getting cargo to Shanghai through the blockade have led to an inactive market, although the resumption of the train service between Kowloon and Canton enabled 300 tons to be despatched to the latter city. Local stocks including new arrivals from Australia amount to approximately 1000 tons. Prices of newsprint on roll 52 gr. 31 in. fell to 48 cents per lb. and 50 gr. 43 in. to 47 cents from 49 and 48 cents respectively, Norwegian 32 gr. 31 in. was offered forward at 43 cents per lb. for delivery at the end of this month and at 42 cents for December delivery. Cellophane and aluminium foil met with an unsteady market, a rise took place with interest shown by Taiwan buyers but prices fell when no transactions took place: British cellophane 36" x 39" rose to \$75.50 but fell to \$75 per ream but



40 x 45 sold at \$90 an increase against \$87 per ream, Italian 36 x 39 rose to \$71 and fell to \$69; aluminium foil 4.5 x 6.75 thick quality rose from \$2 to \$2.50 and fell to \$2.40 per lb. while British and Canadian thin quality rose from \$2.75 to \$2.80 and \$2.70 to \$2.80, and U.S.A. rose from \$2.60 to \$2.70 per lb.

#### Cement

There was little activity in the cement market during the week. Some 1000 tons of Tientsin cement are expected before the end of this month, the indent price being \$118 per ton c.i.f. Hongkong; part of this shipment, packed in bags of 112 lbs., has already been disposed of. Indochina Red Dragon brand 94 lb. packing stood at \$6 per bag, while 1 cwt. packing rose slightly from \$6.90 to \$7 per bag; Taiwan 1 cwt. reversed these prices dropping from \$7 to \$6.90 per bag; Japanese 100 lbs. fetched \$6.40 per bag; Green Island Emeraldcrete rapid hardening cement stood at the usual price of \$7.80 per bag of 112 lbs., Emerald brand at \$6.80 per 112 lb. bag and the 94 lb. bag at \$5.90. Snowcrete British white cement was offered at \$55 per drum of 375 lbs. nett and Snowcem cement paint at \$58 per steel drum of 112 lbs. nett.

#### Vegetable Oils & China Produce

The price of tungoil (woodoil) continued to mount as a result of falling stocks due to the difficulty of obtaining replenishments, the rate at the close of the market being \$215 per picul as against the previous week's figure of \$185, with forward sales at \$200 for delivery within three weeks. The quality of teaseed oil has not been found up to standard recently, one lot despatched to the U.S. being found to contain a mixture of rapeseed oil resulting in future orders being subject to test at destination prior to acceptance; selling offers for 5% acid 1st

quality were at \$170 per picul with counteroffers at \$160, but no transaction took place. Aniseed oil improved from \$820 to \$850 per picul. Cassia oil sold at the high price of \$1600 per picul against the earlier price of \$1450. Rapeseed oil remained steady at \$98 per picul.

#### Tin Ingots

Large stocks on hand led to a fall in the price of tin ingots: Kwangsi 99.5% fell from \$620 to \$595 per picul, Yunnan 99% was down to \$590, Singapore Marked Banker 99.75% was offered at \$620 per picul.

#### Beans

Taiwan buyers were in the market for Dairen soya beans, which rose from \$55 to \$60 per picul for 1st quality. A shipment of 2,000 tons is expected shortly. Kalgan green beans were also required for Taiwan but, these demands satisfied, the price fell from \$54 to \$52 per picul; Tientsin green beans sold at \$51.50 and Kum-chow quality at \$51. Black beans, 2nd quality, fetched \$59.60 per bag for a newly-arrived lot of over 600 bags. Beancakes improved from \$32.50 to \$35 per picul for spot; forward sales were effected at \$32.50 per picul.

#### Wheat Flour

Heavy arrivals and shortage of storage space made sellers of wheat flour anxious to dispose of their stocks. The suspension of import permits into Canton by the Communist authorities also complicated the situation about 200,000 bags being held at the frontier awaiting permits. As a result few transactions took place; however prices remained firm with the prospect that the future market will remain steady. The arrivals included approximately 5,500 tons from Australia 50% of which from \$17.20 to \$17.30 per bag of 50 lbs;

further shipments are expected soon. New arrivals of Candian Delta Queen brand stood at \$17.20 per 50 lbs bags, White Grapes at \$20.50 per bag, Golden Bell also remained at \$20.50, Double Tenth at \$18.80, Peerless at \$21, Saskania and Victory at \$20.

#### Rice

A serious rice shortage is expected in Canton following the reported requisitioning of more than one million piculs by the Communist authorities for the use of their troops. This rice had been reserved by the Nationalists to cover the ration. Canton depends upon outlying districts for its rice supply; the city's present stocks will cover only about two weeks' normal demands.

The Hongkong market price for rice rose slightly as compared with the previous week. Chai Mei Peony (red line) 1st quality remained steady at \$92 per picul, but Un-long (new) 1st quality reached \$79 before dropping to \$78 — a considerable increase over last week's closing price of \$75; 2nd quality rose from \$74.50 to \$76 per picul in the course of the week. See Mew Double Happy (red line) improved from \$68 to \$69.50, later declining to \$69 (new), while old was steady at \$90. See Mew Un-long (new) 1st quality fetched \$71 per picul and 2nd quality stood at \$68.

#### Cigarettes

Reports from Canton state that the Communist authorities there plan to forbid the importation of foreign cigarettes in order to protect the domestic product. Certain districts in Kwangtung, however, continue to be a good market for the cheaper grade of cigarettes, especially Pirate and Royal Leaf in cartons of 10 and 20: Pirate 10's sold at \$10.70 and 20's at \$5.50 per carton; Royal Leaf 10's fetched \$12.50 and 20's \$5 per carton.



## Hongkong Aviation Returns

For the ten months of 1949

	CIVIL AIRCRAFT		PASSENGERS		MAIL (kilograms)		FREIGHT (kilograms)	
	arrivals	departures	in.	out	in	out	in	out
Monthly Averages for 1948 .....	595.33	—	9,591.75	9,381.66	13,726¼	13,649¼	42,920.08	100,985.58
1949								
January .....	805	799	9,940	11,913	17,315	14,713	41,947	90,791
February .....	745	741	10,651	10,146	13,750	12,906	43,749	83,829
March .....	833	836	8,998	11,022	16,490	15,258	46,144	123,988
April .....	979	967	13,996	14,031	14,031	14,797	68,592	153,036
May .....	1,476	1,457	21,380	19,193	13,062	13,734	53,123	157,403
June .....	1,463	1,467	17,062	18,630	15,028	12,536	593,728	227,833
July .....	1,456	1,440	16,412	17,365	13,311	13,259	397,758	407,866
August .....	1,597	1,591	21,796	19,225	12,704	18,110	292,991	611,667
September .....	1,348	1,348	14,898	15,584	12,843	16,455	107,010	386,052
October .....	1,159	1,168	13,177	13,346	13,233	13,828	642,052	724,133
Ten months 1949 .....	11,861	11,814	148,310	150,456	141,889	145,596	2,287,094	1,966,598

Total aircraft for the ten months in and out 23,675; total passengers 298,766; total mail 287,485 kilogs.; total freight 5,253,692 kilogs.

## Hongkong Air Transport for October, 1949.

## DEPARTURES

## ARRIVALS

	DEPARTURES				ARRIVALS		
	Passengers	Mail Kilos	Freight Kilos		Passengers	Mail Kilos	Freight Kilos
United Kingdom .....	224	4,166	3,536	United Kingdom .....	99	5,430	4,681
Europe .....	105	54	235	Europe .....	26	214	6,347
Middle East .....	6	—	122	Middle East .....	5	—	80
Calcutta .....	107	21	855	Calcutta .....	64	649	3,186
Rangoon .....	100	—	4,453	Rangoon .....	11	14	89
Singapore .....	138	1,365	8,356	Singapore .....	171	2,541	5,350
Bangkok .....	527	101	3,936	Bangkok .....	336	379	2,078
French Indochina .....	275	99	490	French Indochina .....	357	466	4,879
Macao .....	111	—	198	Macao .....	124	11	197
Philippines .....	874	470	2,948	Philippines .....	537	528	4,345
Japan .....	278	518	3,770	Japan .....	218	587	3,678
U. S. A. .....	426	113	8,407	U. S. A. .....	71	—	18,257
Australia .....	108	221	804	Australia .....	26	87	420
Canton (direct) .....	4,187	1,734	63,065	Canton (direct) .....	6,356	454	20,115
China via China ports exclud- ing direct service to Canton	5,461	4,225	540,613	China via China ports includ- ing direct service to Canton	4,914	2,381	647,444
Honolulu .....	112	54	173	Honolulu .....	21	39	2,908
Canada .....	138	92	91	Canada .....	10	48	79
Total .....	13,177	13,233	642,052	Total .....	13,346	13,828	724,133

Total of Aircraft: 1,159.

Total of Aircraft: 1,168.

## HONGKONG AVIATION REPORT

With the completion of the occupation of China's large industrial towns by the communist forces, the tension was bound to ease and the rush of refugees to enter Hongkong to lessen, and this has been duly reflected in the Aviation Returns of the Hongkong Civil Aviation Dept. which show that during October the total number of aircraft entering and leaving was 2,327 as against 2,696 in September, the total number of passengers carried was 26,523 against 30,482 last month, and mails amounted to 27,061 kilogs. against 29,298 kilogs. On the other hand however the transportation of freight by air rose considerably, and proved to be a record against all previous figures, the total carried amounting to 1,366,185 kilogs.

compared with the September figure of 493,062 kilogs. and the previous record of 904,658 kilogs. in August; this was mainly due, first to the desire of Cantonese and South China merchants to get their goods to a position of safety from which they could continue to trade with other parts of China as well as abroad, and second to the increasing use of aviation as a means of overcoming difficulties of transportation to and from Central and South-west China. The figures concerning air traffic with China via China ports, excluding direct service to Canton, show this clearly: in October 540,613 kilogs. of freight was brought into the Colony while 647,444 kilogs. was sent out as against the September figures of 259,777 kilogs. and 28,610 kilogs. respectively, pas-

sengers entering totalled 5,461 and leaving 4,914 (September 3,362 & 3,639), and mail in amounted to 4,225 kilogs. and out to 2,381 kilogs. (926 & 1,703 kilogs.). In respect to the direct service between Hongkong & Canton, passengers in numbered 4,187 and out 6,356 (September 8,533 & 9,142), mail in amounted to 1,784 kilogs. and out to 454 kilogs. (3,727 & 128 kilogs.), and freight brought into the Colony totalled 63,065 kilogs. and sent out to 20,115 kilogs. (79,872 & 14,478 kilogs.).

As regards regular air carriers using Kai Tak Airport, taking freight as the criterion, C.N.A.C. came first with 765 aircraft, 9,086 passengers, 2,891 kilogs. of mail and 755,142 kilogs. of freight (Sept. 920, aircraft, 9321 passengers, 1,862 kilogs. mail, 339,578



## Hongkong Airport: Traffic of Regular Air Carriers

October, 1949

	Arrivals				Departures			
	No. of A/C	Passengers	Mail Kilos.	Freight Kilos.	No. of A/C	Passengers	Mail Kilos.	Freight Kilos.
B.O.A.C.	28	319	8,955	11,803	25	337	5,896	8,587
H.K. AIRWAYS	60	1,312	158	1	60	1,005	1,669	5,456
C.N.A.C.	386	4,772	1,916	303,253	379	4,314	975	451,889
C.A.T.C.	387	4,703	544	159,025	394	4,333	1,037	137,387
P.A.A.	51	575	550	14,419	50	846	NIL	4,968
C.P.A.	18	126	128	1,702	17	215	932	10,192
P.A.L.	18	259	482	8,658	17	576	1,960	4,919
T.A.A.	9	38	NIL	270	9	139	NIL	24
P.O.A.S.	9	55	157	109	9	100	91	2,994
S.A.F.E.	6	32	227	38,272	6	196	NIL	947
AIR FRANCE	13	356	466	3,064	14	374	339	3,314
M.A.T.C.O.	14	124	11	197	14	114	NIL	198
QANTAS	2	18	87	420	4	108	140	589
S.A.C.	6	42	58	21	5	59	NIL	595
C.P.A.L.	4	11	48	79	4	72	144	122
Total	1,011	12,742	13,787	541,293	1,007	12,788	13,183	632,161

kilogs. freight), C.A.T.C. came second with 781 aircraft, 9,036 passengers, 1,581 kilogs. of mail and 296,392 kilogs. of freight (872 aircraft; 11,305 passengers, 1,301 kilogs. mail, 49,026 kilogs. freight), S.A.F.E. was third with 12 planes, 228 passengers, 227 k. of mail and 39,219 k. of freight (11 a/c., 186 passengers, 258 k. mail and 4,707 k. freight), B.O.A.C. was fourth with 53 planes, 656 passengers, 14,851 kilogs. mail and 20,390 kilogs. freight (45 a/c., 659 passengers, 15,112 k. mail, 31,196 k. freight), P.A.A. fifth with 101 aircraft, 1,421 passengers, 550 kilogs. mail and 19,387 kilogs. freight (94 a/c., 1,327 pass., 880 k. mail and 23,685 k. freight).

## C.N.A.C. &amp; C.A.T.C. Flight from the K.M.T.

Something of a sensation was created by the quiet departure of 10 C.N.A.C. and 2 C.A.T.C. planes from Kai Tak Airfield on November 9 to join the communists in Shanghai and Peiping, the managing directors of both concerns being among those who left. It is symptomatic of the times, when responsible men such as those mentioned can fly off into the blue taking with them not only planes, including one of the luxurious C.A.T.C. Convairst, but also spare parts, radio equipment and other apparatus, the total being valued at around \$2½ million.

This very serious defection has obliged both companies to close down for the time being while considering their future course of action. The C.N.A.C. has suffered the greater loss, being left with 29 aircraft including 5 Skymasters at Kai Tak and a few smaller planes under repair in Taiwan and at Kunmin, while C.A.T.C. has now 39 aircraft in the Colony including 5 of the 6 new Convairst. The Nationalist Government has a majority interest in C.N.A.C., with Pan-American World Air-

## COMPARATIVE FIGURES OF HONGKONG AIR TRANSPORT RETURNS FOR 1947, 1948 AND FIRST THREE QUARTERS OF 1949

	Monthly Average 1947	Monthly Average 1948	Monthly Average Jan.-Sept., 1949
<b>Aircraft:</b>			
Arrivals	229	596	1,189
Departures	228	594	1,183
Total	457	1,190	2,372
<b>Passengers:</b>			
Arrivals	3,634	9,592	15,015
Departures	3,179	9,382	15,235
Total	6,813	18,974	30,249
<b>Freight:</b>			
Imports (KGS)	26,769	42,753	182,782
Exports (KGS)	43,702	100,986	249,163
Total (KGS)	70,471	143,739	431,945

ways holding a 20% share; the whole capital of C.A.T.C. (formerly the Eurasia Aviation Corporation, which was mainly owned by German shareholders) is in the hands of the Nationalist Government.

## Cathay Pacific Airways.

The Cathay Pacific Airways, whose flight schedule covers Manila, British North Borneo, Singapore, Bangkok, Calcutta, and Europe, has now extended it to include French Indochina. In future DC-4 planes will leave on Wednesdays for Saigon and DC-3 on Fridays for Haiphong.

## Hongkong Airways

To fill the gap left by the cancellation of flights by C.N.A.C. and C.A.T.C., the Hongkong Airways has now inaugurated a regular service between Kai Tak airport and Taipei in Taiwan. It is also hoped shortly to start a service to Chungking, and also to Kunming both of which at present are more or less cut off from the outer world, being served only by Major-General Chennault's Civil Air Transport (C.A.T.) planes, apart from unscheduled flights by various air carriers who have taken the opportunity to obtain some business.



## Hongkong Shipping Returns

For the Ten months of 1949.

	Ocean Steamers		River Steamers		Ocean Passengers		River Passengers	
	In	Out	In	Out	In	Out	In	Out
Monthly Averages 1948	659,582	651,394	122,834	123,338	23,583	19,547	37,529	39,769
" 1949 (9 months)	837,423	950,685	153,346	160,107	25,773	25,027	42,224	55,675
January	722,280	715,484	141,769	137,319	21,672	15,202	41,523	54,792
February	650,886	727,381	116,360	177,936	19,352	13,168	42,989	51,170
March	750,855	780,820	125,758	124,713	25,632	15,342	48,647	59,529
April	831,249	795,713	173,089	177,153	24,015	19,041	46,260	55,152
May	928,084	852,178	138,907	134,111	33,638	21,046	53,373	48,078
June	835,194	835,626	163,664	165,217	24,274	18,007	46,630	52,986
July	925,466	877,785	156,655	154,071	18,233	17,168	42,075	53,511
August	922,750	890,208	159,917	165,625	32,198	22,043	47,507	59,156
September	970,044	1,180,976	203,993	204,825	32,940	30,230	53,236	66,704
October	806,410	712,270	193,470	187,532	13,909	11,599	49,480	50,616
1949—Ten months:	8,343,218	8,368,440	1,573,582	1,628,502	245,863	236,846	491,720	551,694

Total ocean steamer tonnage for the ten months of 1949: 16,711,658, total river tonnage: 3,202,084, grand total:

19,913,742.

Total ocean passengers: 482,709, total river passengers: 1,043,414, grand total 1,526,123.

## HONGKONG JUNKS &amp; LAUNCHES IN OCTOBER

Foreign Trade conducted by Junks &amp; Launches of 60 registered tons &amp; under

## JUNKS

No. of Vessels	Reg. Tonnage of Vessels	Dead Weight		No. of Passengers
		Inward	Outward	
701	651	80,506	70,100	13,194½
		2,266	2,128	
103	89	2,868	2,164	143
		100	—	

Local Trade conducted by Junks and Launches of 60 registered tons &amp; under

## JUNKS

No. of Vessels	Reg. Tonnage of Vessel	Dead Weight		No. of Passengers
		Inward	Outward	
760	867	30,319	34,835	9,581
		8,525	—	
174	178	9,095	9,188	93¼
		128½	19,704	16,885

## HONGKONG COMMERCIAL CARGO

for the Ten months of 1949

	Ocean Vessels		River Vessels	
	Inward	Outward	Inward	Outward
1949				
January	255,158	107,332	12,445	8,507
February	179,805	76,461	7,059	7,183
March	241,212	104,913	7,785	14,754
April	243,243	110,306	6,747	5,182
May	340,280	133,832	10,874	7,052
June	225,855	138,107	9,934	10,911
July	283,526	140,685	8,338	12,463
August	291,175	129,424	9,948	13,919
September	284,060	158,697	9,171	18,082
October	286,729	146,420	6,488	8,123
Ten months 1949:	2,631,044	1,346,777	88,789	106,626

Total ocean cargo for the ten months of 1949: 3,977,821 tons; total river cargo: 195,415, grand total: 4,173,236 tons.

Monthly averages for 1947, 1948 and 1949 (Jan./Oct.):

	1947	1948	1949
Ocean cargo	in	187,522	193,416
" cargo, out	71,047	87,849	263,104
River cargo, in	7,483	9,942	134,678
" cargo, out	7,369	7,456	8,878
" Grand " total	273,451	297,763	417,322



## Reports from Malaya

### Malayan Trade

The total trade of Malaya for September amounted to S\$269,804,894 a drop of 5.7 % compared with the August total of \$286,150,267; but a rise against the July figures of \$258,423,890; imports amounted to \$141,608,284 (August \$147,354,466, July \$132,948,950) and exports to \$128,196,610 (August \$138,795,801, July \$125,474,940). Imports have shown a tendency to decrease since April when the total was \$163 million.

For the nine months of the year the total trade came to \$2,541,185,109, imports amounting to \$1,358,537,521 and exports to \$1,182,647,588; the adverse balance which has continued to grow amounted to \$175,889,933 on the nine months.

Imports from the U.S.A. amounted to \$7,072,011 (August \$10,740,001, July \$7,381,541) and exports to \$31,308,554 (August \$33,080,214, July \$29,489,694), giving Malaya a favourable balance of \$24,236,543 at the end of September and a total credit balance of \$197 million for the nine months. From China imports totalled \$5,501,780 a rise against August \$4,200,638 (July \$3,894,824). Exports to China for September \$8,700 were very low compared with previous months, August exports amounting to a record figure of \$1,317,555 which was mainly due to shipments of rubber to North China, July to \$9,317, June to \$248,213,

May to \$289,437 and April to \$638,343. No imports came from Russia during September; total imports for the nine months amounting to \$5,091. Exports to Russia totalled \$5,499,556, nearly \$2 million less than in August; total exports to Russia for the nine months amounted to \$50,355,862, mainly composed of rubber.

As a dollar earner, Malaya, is an important factor in the British Commonwealth; for the whole of 1948 U.S.A. purchases of rubber amounted to £41 million and of tin to £17 million.

### Rubber

Ocean shipments of rubber during September came to 75,285 long tons a drop of 4.46% as compared with the August shipments of 78,798 tons and 73,317 tons in July. During the January/September period a total of 676,679 tons was shipped abroad as against 738,817 tons during the same period in 1948. The principal purchasers of rubber were: U.S.A., 27,184 tons (August 13,205 t.), United Kingdom 13,920 t. (18,512 t.), Canada 2746 t. (2687 t.), Hongkong 1416 t. (4815 t.), Australia 1874 t. (1506 t.), Russia 5977 t. (8611 t.), France 3694 t. (5456 t.), Italy 3912 t. (2110 t.), Germany 3075 t. (2662 t.), Netherlands 2434 t. (4658 t.), Japan 2105 t. (1983 t.), Poland 1485 t. (1190 t.), Belgium 1212 t. (719 t.), Czechoslovakia 1007 t. (1186 t.).

Imports into Malaya of rubber during September were 18,377 t. against 18,477 t. in August; of this 16,794 t. were imports into Singapore, which included 10,677 t. from Sumatra, 1908 t. from Sarawak, 1146 t. from North Borneo and 1045 t. from Java. In the period ending September Malayan imports of rubber were 164,552 t. of which 137,862 were into Singapore and 26,260 t. were for the Federation.

Dealers and port stocks held in Malaya amounted to 51,461 t. as against 54,082 t. held at the end of August. Stocks at Singapore came to 42,566 t., Penang 2,202 t. and Province Wellesley 6693 t. Port stocks came to 15,517 t. (August 12,675 t.) of which 7897 t. were at Singapore, 5612 t. at Penang, 580 t. at Teluk Anson, 1420 t. at Port Swettenham.

### Federation Rubber Output

Rubber production in the Federation during September rose to 58,728 t. as against an output of 57,162 t. in August and a monthly average of 53,800 t. from January to July. This increase was mainly attributable to increased tapping by small-holders whose output came to 24,900 t. or 4,400 t. above the August total and the highest since last November, raised rubber prices following the devaluation of sterling being responsible for this result. Large estates carrying forward 23,357 t. in stocks from the previous month produced 33,828 t. or 2830 t. less than the output for August but above the monthly average for the year.

Rubber exports from the Federation during September totalled 58,257 t., this was 3032 t. less than the August exports (65,289 t.) and lower than the January figure of 75,568 t., though above the quantity exported in July of 53,587 t. Of these exports 26,230 t. went to Singapore (August 26,582 t.), the United States took 8539 t. (4958 t.), the United Kingdom had 6727 t. (9982 t.) and Russia had 4080 t. Total exports from January to September amounted to 310,379 t. compared with 326,077 t. for the same period last year.

### U.S. Purchases of Rubber

Great relief was felt in Malaya at the announcement by Mr. Douglas Jay, Economic Secretary to the British Treasury, that the United States were resuming their stock-piling purchases of rubber. From January to August of this year the U.S. bought 164,988 tons of rubber, and the figure had been dropping steadily each month. For the May/August period the quantities taken from Malaya by the U.S.A. were: May 20,000 t., June 17,000 t., July 15,000 t. and August 11,800 t., the fall being explained by the increasing amounts taken from European rubber shippers who were able to offer a lower rate. Last year's average purchases by the U.S. amounted to 30,000 t. a month, and it is hoped that this average will be resumed as a result of the devaluation of sterling; already the effects have been shown in the rise during September to 8500 t. as against the previous month's total of 4900 t.

## Hongkong Shipping Report for October 1949

### Ocean Steamers

#### Arrivals

Flag	Ocean Steamers			
	No.	Tonnage	Cargo	Passenger
British ...	110	287,890	130,126	7,000
American ...	29	146,626	31,245	458
Chinese ...	99	143,978	23,190	2,535
Dutch ...	12	54,550	18,417	935
Danish ...	10	37,772	11,020	43
French ...	4	15,043	389	541
Greek ...	1	2,932	—	—
Italian ...	2	7,989	10,003	—
Norwegian ...	26	56,702	21,081	2,356
Panamanian ...	13	33,235	32,318	5
Philippine ...	5	8,525	1,033	9
Portuguese ...	1	111	—	—
Swedish ...	5	9,821	5,687	27
U.S.S.R. ...	1	1,236	2,220	—

Total Foreign 208 518,520 156,603 6,909  
Total ..... 318 806,410 286,729 13,909

#### Departures

	Ocean Steamers			
	No.	Tonnage	Cargo	Passenger
	99	258,440	75,314	4,645
	29	146,526	10,024	170
	63	88,749	22,572	2,612
	10	41,733	3,613	39
	10	45,237	6,850	1,022
	4	15,043	575	294
	1	2,932	2,800	—
	1	3,609	—	—
	27	57,905	15,356	2,665
	11	30,775	5,661	—
	5	9,290	950	90
	—	—	—	—
	5	9,821	1,752	16
	2	2,210	953	46

168 453,830 71,106 6,954  
267 712,270 146,420 11,599

### River Steamers

#### Arrivals

Flag	River Steamers			
	No.	Tonnage	Cargo	Passenger
British ...	160	99,830	3,601	31,734
Chinese ...	176	91,852	1,735	17,746
Portuguese ...	7	1,788	1,152	—

Total Foreign 183 93,640 2,887 17,746

Total ..... 343 193,470 6,488 49,480

#### Departures

	River Steamers			
	No.	Tonnage	Cargo	Passenger
	155	96,974	4,960	32,685
	167	88,970	2,908	17,931
	6	1,588	255	—

173 90,558 3,163 17,931

328 187,532 8,123 50,616



### Tin-in-Ore, Gold and Coal

Production in the Federation of tin-in-ore during the three months ending with September 30 totalled 14,010 tons, an increase of 310 t. over the previous quarter; total output for the whole year was 40,476 t. Exports of tin ore concentrates from the Federation for January/September amounted to 54,689 t., the last quarter's figures being 19,042 t. Export duty paid on assay value of 75% producing 41,017 long tons of tin metal content amounted to \$27,057,980.

During the three months ending September 4 additional dredges and 22 gavel pump mines came into operation, making the total number of dredges and gavel pump mines operating in the Federation 74 and 503 respectively. In addition there were 20 hydraulic mines, 6 open-cast mines, 22 underground mines and 45 mines working without machinery; European owners operated 113 and Chinese 557 of these mines. The total labour employed in the tin mines at the end of September came to 46,205.

Tin-in-ore despatched from the Federation to Singapore and Penang during September amounted to 4924 t. (August 4944 t.), which included 3005 t. from Perak, 1457 t. from Selangor and 147 t. from Pahang. The cumulative total for the nine months of the year according to official statistics was 41,018 t., of

which 25,172 t. were from Perak, 11,678 t. from Selangor and 1408 t. from Pahang.

Imports of tin and tin ore from abroad into Malaya during September amounted to 382 t. and 521 t. respectively. In the nine months ending September imports of tin and tin ore were 4416 t. and 6106 t. respectively.

Gold production in this period was increased from 2965 oz. of raw gold at the end of June to 3387 oz. at the end of September.

Coal production, varying with local demand, fell to 99,040 t. during the quarter as against 103,040 t. for the quarter ending with August.

### World Output of Tin

Preliminary statistics issued by the International Tin Study Group show that world production of tin in concentrates fell from 15,600 long tons in June to 12,900 in July; exports fell from 8900 in June to 7100 t. in July.

Production of tin metal remained constant at 14,000 t. and production of tin-plate rose from 439,000 t. to 451,000 t.

### Coconut Oil, Copra & Palm Oil

Total exports abroad from Malaya during September of coconut oil amounted to 8182.01 t. valued at S\$6,935,536; India took 5916.10 t. valued at \$5,020,219 and Russia 1100 tons at \$924,423. Imports of coconut oil amounted to 42.38 t. at \$27,274.

Exports of fresh coconuts totalled 490,400 to the value of \$67,864; 16,900 coconuts were imported.

During September the 61 oil mills in the Federation treated 11,381 t. of copra and produced 6282 t. of coconut oil as against 10,423 t. of copra treated in August with a production of 5671 t. of coconut oil. In the nine months ending September 86,798 t. of copra were treated and 46,891 t. of coconut oil were produced.

Imports of copra into Malaya during the month amounted to 12,218.08 t. valued at \$5,483,095 and exports came to 8549.74 t. at \$4,136,723.

During August 4398 t. of palm oil were produced in Malaya, representing a slight drop of 63 t. from the July output; total production for the eight months of this year was 33,156 t.

### Deportations

Approval was given under the Emergency Regulations to deport 1074 alien and 8 British subjects from Malaya during August; this brings the total number of deportations since January to 4545 aliens and 66 British subjects. Approval was also given during August for the deportation from Malaya of 299 adults and their families, and another 14 orders of banishment brought the total number of banishments during the eight months to 240; of these 151 were aliens and 32 were British subjects convicted of crime by the courts and 55 were aliens and 2 British subjects whose removal was considered conducive to the good of the State.



## Hongkong's Principal Trading Partners in July 1949

Hongkong's trade in July, the figures for which were given in the *Far Eastern Economic Review* for September 1, was outstanding as showing an export excess of \$3.6 million; imports amounted to \$191.35 million and exports to \$194.99 million, as compared with July 1948 \$167 million and \$135.8 million respectively, an increase of 14.55% in imports and of 43.49% in exports.

On the pages following are given details of the trade carried on between Hongkong and the principal countries abroad, and below is given an analysis of that trade.

Compared with June 1949 imports from the United Kingdom showed a slight increase, amounting to \$33,575,235 (June \$32,162,910), but exports totalled \$11,555,189 (\$11,667,410). The main increases in imported commodities were in tobacco which amounted to \$1.8 million as against \$1.1 million in June, chemicals \$1.4 million (\$944,441), electrical machinery \$3.7 million (\$2.3 million), yarns & threads \$2.07 million (\$2 million), non-ferrous base metals \$1.68 million (\$1.58 million); falls were shown in imports of fertilizers \$319,668 (\$1 million), iron & steel \$1.3 million (\$1.7 million), manufactures of base metals \$1.3 million (\$1.55 million), machinery \$1.27 million (\$1.3 million). Imports of gold & specie were valued at \$6.6 million against \$6.3 million in the previous month. Exports showed an increase in vegetables \$1 million (\$938,247) and ores \$1.2 million (\$420,220), but a drop in vegetable oils \$7.97 million (\$8.86 million).

Imports from Australia \$3.59 million showed an increase of 32.4% against the figure for June \$2.6 million while exports to that country rose 236.7% to \$6.2 million against \$1.86 million. The main increases in imports were in meat \$604,385 (\$262,571), dairy products \$786,971 (\$134,048) and hides, skins & leather \$611,460 (\$305,227). In exports the chief rise was in clothing and underwear \$2.5 million (\$30,255).

Taking China as a whole imports showed a fall, amounting to \$43,774,548 (\$51,929,656), but exports rose to \$51,474,026 (\$41,339,396), and if Macao is included the figures are \$47,992,151 (\$57,746,943) and \$78,976,485 (\$60,602,431).

Imports from North China totalled \$16.98 million, an increase of 38.7% over the June figures of \$12.2 million, but exports fell to \$13.69 million against \$26.39 million a drop of 48%. The chief increases in imports were in vegetables \$2.4 million (\$2.2 million), feeding stuffs for animals \$1.3 million (\$196,240), oilseeds \$4.2 million (\$470,205), yarns & thread \$1 million (nil) and miscellaneous crude products \$3.89 million (\$3 million); the principal falls in exports were in paper \$1 million (\$5.38 million), textile materials raw or simply prepared \$782,789 (\$5.9 million), dyeing substances \$104,874 (\$2.4 million), chemicals \$1.4 million (\$2.7 million), rubber & manufactures thereof \$503,206 (\$1.3 million), made-up

articles other than clothing \$55,957 (\$1.2 million) and non-ferrous base metals \$178,574 (\$1.2 million). Imports of gold & specie were valued at \$270,000 (nil) and exports at \$7.86 million (\$1 million).

Central China showed increases in both imports and exports of 82.1% and 220% the former amounting to \$6.37 million (\$3.5 million) and the latter to \$17.97 million (\$5.6 million). The principal rise in imports was in sugar & confectionery \$3.75 million (\$1.47 million); exports showed gains in feeding stuffs for animals \$3.19 million (\$1.39 million), vegetable oils \$1.2 million (\$72,941), manufactured products of cereals \$1.2 million (\$98,420), fertilizers \$2.65 million (\$1.59 million), yarns & thread \$4 million (\$39,148).

Imports \$20.4 million from South China fell by 43.6% against the June figures of \$36.1 million, but exports \$19.8 million rose 112% over the previous amount of \$9.3 million. The principal increases in imports were in live animals \$5.19 million (\$2.35 million), sugar & confectionery \$4 million (\$2.68 million); falls were registered in vegetable oils \$1.1 million (\$4.5 million), wood \$514,549 (\$1 million), yarns & thread \$1,480 (\$2.7 million), ores \$1.88 million (\$5.65 million), miscellaneous crude or simply prepared products \$2.3 million (\$5.4 million), non-ferrous base metals \$554,791 (\$3.5 million), machinery \$40,430 (\$2.35 million) and manufactured articles n.e.s. \$995,152 (\$1.1 million). In exports gains were shown in manufactured products of cereals \$1.3 million (\$932,819), yarns & thread \$4.1 million (\$1 million), products for heating, etc. \$1.46 million (\$1 million) and manufactures of base metals \$1.1 million (\$35,805). Exports of gold & specie amounted to \$4.9 million against \$3.57 million.

Imports from Macao, which should be included with South China, showed a fall, amounting to \$4.2 million (\$5.8 million), while exports rose amounting to \$27.5 million against \$19.26 million for June. The principal item showing a rise was manufactured articles n.e.s. which amounted to \$1.2 million (\$1.1 million), while falls occurred with vegetables \$304,504 (\$954,640) and vegetable oils \$385,487 (\$734,062). Increased exports from Hongkong were shown in manufactured products of cereals \$1.8 million (\$1.2 million), fruits & nuts \$1.26 million (\$1 million), vegetables \$1.64 million (\$1 million), tobacco \$2.3 million (\$1.2 million), oilseeds \$1.26 million (\$490,101), chemicals \$1.2 million (\$898,352), yarns & thread \$1.4 million (\$386,741), on the other hand textile fabrics & small wares fell to \$2 million (\$2.46 million).

Trade with the Philippines showed a satisfactory trend in July, imports \$1.59 million increasing only slightly above those for June \$1.1 million but exports \$9.78 million showing a rise of 58% above the previous month \$6.5 million. The following items account for the increase in exports: dairy products \$1.65 million (\$1.17 million), vegetables \$1.28 million (\$927,906), textile fabrics &

small wares \$1.1 million (\$613,026) and manufactures of base metals \$2 million (\$1.1 million).

Both imports \$8.68 million from Japan and exports \$5.19 million to that country showed a drop against the figures for June of \$10.9 million and \$5.97 million. Imports of textile fabrics & small wares \$1.79 million (\$1.52 million) and manufactures of base metals n.e.s. \$1 million (\$315,511) showed increases, while imports of machinery fell to \$592,721 (\$4 million); in exports increases occurred with oilseeds \$2.3 million (\$1.39 million) and textile fabrics & small wares \$721,395 (\$265,936), but these were offset by falls in feeding stuffs for animals \$32,100 (\$1.5 million), textile materials raw or simply prepared \$392,363 (\$892,000) and ores \$127,844 (\$760,125).

The trade of Korea as a whole amounted to \$3.8 million for imports and to \$10.87 million for exports, against the June figures of \$3.26 million and \$4.17 million, an increase of 160.6% in exports. South Korean imports totalled \$657,773 (\$1.5 million) but exports to that country rose to \$5.57 million (\$2.7 million), the rise in exports being chiefly accounted for by paper \$1.2 million (\$949,747) and textile materials raw or simply prepared \$1.84 million (\$32,140). North Korean trade showed a great increase both in imports \$3.1 million (\$1.7 million) and exports \$5.28 million (\$1.4 million); the main rise in imports being in feeding stuffs for animals \$1.27 million (\$1 million) and fertilizers \$1.37 million (nil), while in exports paper \$2.86 million (\$194,867) accounted for most of the difference.

Imports from the U.S.A. fell by 4.9% against those for the previous month the figures being \$45,266,181 and \$47,640,858 respectively, but exports from Hongkong rose by 48.5% totalling \$26,959,190 against \$18,156,652. The chief gains in imports were shown in fruit \$1.19 million (\$964,073), chemicals \$5.58 million (\$3.5 million), dyeing & tanning substances \$2.18 million (\$1.89 million), iron steel \$1.5 million (\$1.2 million), textile fabrics & small wares \$2.55 million (\$38,580), manufactures of base metals \$1.65 million (\$1.3 million) and manufactured articles n.e.s. \$3.8 million (\$3 million); falls were shown in tobacco \$3 million (\$3.18 million), paper \$2.3 million (\$4.28 million), textile materials raw or simply prepared \$1.88 million (\$3 million), special & technical textile articles \$114,995 (\$3.2 million), clothing & underwear \$926,241 (\$1.3 million), products for heating & lighting \$764,280 (\$4.4 million), precious metals & stones \$1.4 million (\$2.1 million), machinery \$3.9 million (\$6.67 million), electrical machinery \$1.36 million (\$1.49 million) and vehicles \$1.77 million (\$2 million). In exports rises were shown in hides & skins \$1.6 million (\$1.3 million), tin ingots \$8.17 million (\$3.3 million), miscellaneous crude products \$8 million (\$6.4 million) and manufactured articles n.e.s. \$2.39 million (\$1 million); while a fall was registered in vegetable oils \$971,637 (\$2.35 million).



## PRINCIPAL TRADING PARTNERS OF HONGKONG

TOTAL VALUES OF IMPORTS &amp; EXPORTS BY COUNTRIES FOR THE MONTH OF JULY, 1949..

UNITED KINGDOM			AUSTRALIA		
ARTICLES	Imports \$	Exports \$	ARTICLES	Imports \$	Exports \$
Meat and preparations thereof .....	12,550	243	Meat and preparations thereof .....	604,385	1,739
Dairy products, eggs and honey ...	2,297	103,358	Dairy products, eggs and honey ....	786,971	207
Fishery products, for food .....	14,903	—	Fishery products, for food .....	2,268	43,655
Manufactured products of cereals, chiefly for human food .....	220,928	—	Cereals .....	12,000	—
Fruits and nuts, except oil-nuts ....	60,174	31,500	Manufactured products of cereals, chiefly for human food .....	39,585	15,669
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s. ....	1,615	1,084,061	Fruits and nuts, except oil-nuts ....	358,718	53,466
Sugar and sugar confectionery .....	504,268	100	Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s. ....	81,581	121,610
Coffee, tea, cocoa and preparations thereof; spices .....	54,117	74,166	Sugar and sugar confectionery .....	—	2,620
Beverages and vinegars .....	418,790	120	Coffee, tea, cocoa and preparations thereof; spices .....	140	101,374
Tobacco .....	1,828,106	852	Beverages and vinegars .....	118,171	95,835
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s. ....	4,032	7,975,282	Feeding stuffs for animals, n.e.s. ..	10,930	429
Chemical elements and compounds; pharmaceutical products .....	1,453,690	18,467	Tobacco .....	—	40,513
Dyeing, tanning and colouring sub- stances (not including crude materials) .....	813,123	13,300	Oil-seeds, nuts and kernels .....	—	1,648
Essential oils, perfumery, cosmetics, soaps and related products .....	303,188	24,286	Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s. ....	108,253	219,663
Fertilizers .....	319,668	—	Chemical elements and compounds; pharmaceutical products .....	281,397	84,036
Rubber and manufactures thereof, n.e.s. ....	447,299	—	Dyeing, tanning and colouring sub- stances (not including crude materials) .....	70,989	13,942
Wood, cork & manufactures thereof	53,127	800	Essential oils, perfumery, cosmetics, soaps and related products .....	16,215	2,257
Pulp, paper and cardboard and manu- factures thereof .....	762,156	—	Rubber and manufactures thereof, n.e.s. ....	2,630	773
Hides and skins and leather .....	64,012	330,980	Wood, cork & manufactures thereof	33,634	88,322
Manufactures of leather, not includ- ing articles of clothing .....	74,716	—	Pulp, paper and cardboard and manu- factures thereof .....	1,215	76,643
Textile materials, raw or simply prepared .....	188,001	—	Hides and skins and leather .....	611,460	—
Yarns and thread .....	2,071,437	—	Manufactures of leather, not includ- ing articles of clothing .....	9,317	4,167
Textile fabrics and small wares ....	3,855,028	6,364	Textile materials, raw or simply prepared .....	15,534	—
Special and technical textile articles	409,785	—	Yarns and thread .....	—	845,530
Clothing and underwear of textile materials; hats of all materials ..	317,126	4,000	Textile fabrics and small wares ....	103,423	670,620
Footwear, boots, shoes and slippers	32,952	—	Special and technical textile articles	460	39,139
Made-up articles of textile materials other than clothing .....	72,908	1,008	Clothing and underwear of textile materials; hats of all materials ..	26,051	2,498,541
Products for heating, lighting and power, lubricants and related pro- ducts .....	36,091	—	Footwear, boots, shoes and slippers	—	158,913
Non-metallic minerals, crude or sim- ply prepared, n.e.s. ....	208,239	24,000	Made-up articles of textile materials other than clothing .....	—	144,909
Pottery and other clay products ....	159,954	180	Products for heating, lighting and power, lubricants and related pro- ducts .....	73,682	126
Glass and glassware .....	218,164	—	Pottery and other clay products ....	120	9,295
Manufactures of non-metallic mine- rals, n.e.s. ....	117,694	—	Glass and glassware .....	926	22,201
Precious metals and precious stones, pearls and articles made of these materials .....	91,145	700	Ores, slag, cinder .....	—	25,000
Ores, slag, cinder .....	—	1,229,665	Non-ferrous base metals .....	16,462	—
Iron and steel .....	1,337,474	100,000	Manufactures of base metals, n.e.s. .	34,981	194,962
Non-ferrous base metals .....	1,684,392	—	Machinery, apparatus and appliances other than electrical, n.e.s. ....	4,808	2,350
Manufactures of base metals n.e.s. .	1,307,353	17,568	Electrical machinery, apparatus and appliances .....	98,301	13,373
Machinery, apparatus and appliances other than electrical, n.e.s. ....	1,275,666	3,658	Vehicles & transport equipment, n.e.s.	40,250	20,037
Electrical machinery, apparatus and appliances .....	3,719,247	7,418	Miscellaneous crude or simply pre- pared products, n.e.s. ....	25,022	261,058
Vehicles & transport equipment, n.e.s.	1,692,580	11,500	Manufactured articles, n.e.s. ....	9,608	414,530
Miscellaneous crude or simply pre- pared products, n.e.s. ....	4,082	447,661			
Manufactured articles, n.e.s. ....	732,264	43,952			
Gold and specie .....	6,603,894	—			
Total .....	33,575,235	11,555,189	Total .....	3,599,487	6,289,152



## CANADA

	Imports \$	Exports \$
Dairy products, eggs and honey ...	467,176	1,646
Fishery products, for food .....	98,616	28,704
Manufactured products of cereals, chiefly for human food .....	957,106	9,664
Fruits and nuts, except oil-nuts ...	3,394	10,909
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s. ....	—	100,638
Sugar and sugar confectionery .....	—	1,942
Coffee, tea, cocoa and preparations thereof; spices .....	10,508	32,491
Beverages and vinegars .....	112,668	11,714
Feeding stuffs for animals, n.e.s. ...	—	30
Oil-seeds, nuts and kernels .....	—	235,368
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s. ....	59,998	11,940
Chemical elements and compounds; pharmaceutical products .....	49,729	6,299
Dyeing, tanning and colouring sub- stances (not including crude materials) .....	7,890	—
Rubber and manufactures thereof, n.e.s. ....	1,638	—
Wood, cork & manufactures thereof	134,096	5,918
Pulp, paper and cardboard and manu- factures thereof .....	778,008	2,335
Hides and skins and leather .....	4,930	—
Yarns and thread .....	11,640	—
Textile fabrics and small wares ...	—	37,238
Special and technical textile articles	—	1,395
Clothing and underwear of textile materials, hats of all materials ...	100	71,125
Footwear, boots, shoes and slippers	—	1,632
Made-up articles of textile materials other than clothing .....	—	899
Products for heating, lighting and power, lubricants and related pro- ducts .....	1,164	—
Pottery and other clay products ....	—	14,379
Glass and glassware .....	—	72
Ores, slag, cinder .....	—	1,576,289
Iron and steel .....	270,108	—
Non-ferrous base metals .....	66,854	—
Manufactures of base metals, n.e.s. ...	8,354	4,211
Machinery, apparatus and appliances other than electrical, n.e.s. ....	414,966	4,000
Electrical machinery, apparatus and appliances .....	471,820	—
Vehicles & transport equipment, n.e.s.	163,576	—
Miscellaneous crude or simply pre- pared products, n.e.s. ....	29,440	78,132
Manufactured articles, n.e.s. ....	84,460	232,208
Total .....	4,208,239	2,481,178

## INDIA

## ARTICLES

	Imports \$	Exports \$
Fruits and nuts, except oil-nuts ....	—	2,162
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s. ....	124,843	1,224
Oil-seeds, nuts and kernels .....	1,611	—
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s. ....	2,077,350	—
Chemical elements and compounds; pharmaceutical products .....	350,038	27,045
Dyeing, tanning and colouring sub- stances (not including crude materials) .....	33,487	2,299
Essential oils, perfumery, cosmetics, soaps and related products .....	41,718	—
Wood, cork & manufactures thereof	—	1,955
Pulp, paper and cardboard and manu- factures thereof .....	—	25,228

Hides and skins and leather .....	5,660	—
Textile materials, raw or simply prepared .....	12,382	—
Yarns and threads .....	—	35,285
Textile fabrics and small wares ...	—	137,524
Special and technical textile articles	5,728	—
Clothing and underwear of textile materials; hats of all materials ...	—	14,240
Footwear, boots, shoes and slippers	1,289	—
Made-up articles of textile materials other than clothing .....	1,494,795	—
Products for heating, lighting and power, lubricants and related pro- ducts .....	1,934,812	345
Non-metallic minerals, crude or sim- ply prepared, n.e.s. ....	63,872	—
Pottery and other clay products ...	—	1,210
Precious metals and precious stones, pearls and articles made of these materials .....	31,000	45,240
Manufactures of base metals, n.e.s. ...	—	2,523,710
Machinery, apparatus and appliances n.e.s., other than electrical .....	—	2,800
Electrical machinery, apparatus and appliances .....	—	29,345
Miscellaneous crude or simply pre- pared products, n.e.s. ....	184,421	70,276
Manufactured articles, n.e.s. ....	14,557	251,996
Total .....	6,377,563	3,171,884

## MALAYA

## ARTICLES

	Imports \$	Exports \$
Meat and preparations thereof .....	—	44,514
Dairy products, eggs and honey ....	4,500	209,190
Fishery products, for food .....	502,771	250,058
Cereals .....	638	24,338
Manufactured products of cereals, chiefly for human food .....	61,718	47,240
Fruits and nuts, except oil-nuts ....	303,983	384,447
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s. ....	393,614	1,647,341
Sugar and sugar confectionery .....	940	121,474
Coffee, tea, cocoa and preparations thereof; spices .....	353,039	225,519
Beverages and vinegars .....	47,600	569,545
Feeding stuffs for animals, n.e.s. ...	—	3,160
Tobacco .....	7,208	104,249
Oil-seeds, nuts and kernels .....	—	25,717
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s. ....	1,392,705	131,395
Chemical elements and compounds; pharmaceutical products .....	52,461	790,200
Dyeing, tanning and colouring sub- stances (not including crude materials) .....	83,056	313,664
Essential oils, perfumery, cosmetics, soaps and related products .....	897,485	348,939
Fertilizers .....	990	—
Rubber and manufactures thereof, n.e.s. ....	2,090,360	53,117
Wood, cork & manufactures thereof	385,235	65,273
Pulp, paper and cardboard and manu- factures thereof .....	59,297	629,568
Hides and skins and leather .....	24,957	—
Manufactures of leather, not includ- ing articles of clothing .....	—	338,147
Yarns and thread .....	4,200	105,320
Textile fabrics and small wares ....	494,632	3,922,787
Special and technical textile articles	—	150,643
Clothing and underwear of textile materials; hats of all materials ...	19,850	1,769,848
Footwear, boots, shoes and slippers	—	16,123
Made-up articles of textile materials other than clothing .....	15,188	4,484,041
Products for heating, lighting and power, lubricants and related products .....	—	4,600



Non-metallic minerals, crude or simply prepared, n.e.s. ....	5,800	59,613
Pottery and other clay products ....	—	62,852
Glass and glassware ....	263,841	115,941
Manufactures of non-metallic minerals, n.e.s. ....	—	43,383
Precious metals and precious stones, pearls and articles made of these materials ....	—	33,382
Iron and steel ....	27,650	7,000
Non-ferrous base metals ....	138,320	6,435
Manufactures of base metals, n.e.s. ....	27,060	751,589
Machinery, apparatus and appliances other than electrical, n.e.s. ....	11,520	138,473
Electrical machinery, apparatus and appliances ....	104,416	109,484
Vehicles & transport equipment, n.e.s. ....	130,096	287,925
Miscellaneous crude or simply prepared products, n.e.s. ....	462,325	614,080
Manufactured articles, n.e.s. ....	225,344	2,578,333
Total .....	8,592,799	21,588,947

## SOUTH AFRICA

ARTICLES	Imports \$	Exports \$
Beverages and vinegars ....	365	—
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s. ....	1,697	22,680
Chemical elements and compounds; pharmaceutical products ....	2,250	9,640
Dyeing, tanning and colouring substances (not including crude materials) ....	199,478	15,800
Wood, cork & manufactures thereof	—	9,930
Hides and skins and leather ....	82,784	—
Manufactures of leather, not including articles of clothing ....	—	2,325
Textile materials, raw or simply prepared ....	7,387	—
Yarns and thread ....	—	14,377
Textile fabrics and small wares ....	—	488,478
Special and technical textile articles	—	17,048
Clothing and underwear of textile materials; hats of all materials ..	—	906,927
Footwear, boots, shoes and slippers	—	2,840
Made-up articles of textile materials other than clothing ....	—	750
Products for heating, lighting and power, lubricants and related products ....	1,444,986	—
Pottery and other clay products ....	—	5,176
Glass and glassware ....	—	10,965
Precious metals and precious stones, pearls and articles made of these materials ....	432,576	—
Manufactures of base metals, n.e.s. ....	—	794,760
Miscellaneous crude or simply prepared products, n.e.s. ....	24,656	26,088
Manufactured articles, n.e.s. ....	—	359,909
Total .....	2,196,179	2,687,693

## BURMA

ARTICLES	Imports \$	Exports \$
Fishery products, for food ....	—	130,227
Cereals ....	1,505,117	—
Manufactured products of cereals, chiefly for human food ....	—	49,000
Fruits and nuts, except oil-nuts ....	—	82,105
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s. ....	—	54,757
Sugar and sugar confectionery ....	—	227,928
Coffee, tea, cocoa and preparations thereof; spices ....	—	11,750
Tobacco ....	—	92,971

Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s. ....	—	3,695
Chemical elements and compounds; pharmaceutical products ....	—	257,680
Dyeing, tanning and colouring substances (not including crude materials) ....	—	49,542
Essential oils, perfumery, cosmetics, soaps and related products ....	—	20,341
Rubber and manufactures thereof, n.e.s. ....	—	42,150
Wood, cork & manufactures thereof	—	1,140
Pulp, paper and cardboard and manufactures thereof ....	—	310,763
Textile materials, raw or simply prepared ....	—	3,500
Textile fabrics and small wares ....	—	84,761
Special and technical textile articles	—	6,000
Clothing and underwear of textile materials; hats of all materials ..	—	160,340
Footwear, boots, shoes and slippers	—	49,143
Made-up articles of textile materials other than clothing ....	—	8,200
Products for heating, lighting and power, lubricants and related products ....	—	25,248
Pottery and other clay products ....	—	43,800
Glass and glassware ....	—	15,094
Manufactures of non-metallic minerals, n.e.s. ....	—	895
Precious metals and precious stones, pearls and articles made of these materials ....	1,300	—
Manufactures of base metals, n.e.s. ....	—	102,777
Electrical machinery, apparatus and appliances ....	—	59,591
Vehicles & transport equipment, n.e.s. ....	—	83,380
Miscellaneous crude or simply prepared products, n.e.s. ....	3,485	3,900
Manufactured articles, n.e.s. ....	—	101,583
Total .....	1,509,902	2,082,261

## CHINA, NORTH

ARTICLES	Imports \$	Exports \$
Meat and preparations thereof ....	6,000	—
Dairy products, eggs and honey ....	567,760	25,633
Manufactured products of cereals, chiefly for human food ....	1,484,845	46
Fruits and nuts, except oil-nuts ....	116,254	253
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s. ....	2,413,569	19,000
Coffee, tea, cocoa and preparations thereof; spices ....	—	311
Beverages and vinegars ....	530,120	184
Feeding stuffs for animals, n.e.s. ....	1,306,516	—
Oil-seeds, nuts and kernels ....	4,230,960	—
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s. ....	502,840	30,950
Chemical elements and compounds; pharmaceutical products ....	37,000	1,425,992
Dyeing, tanning and colouring substances (not including crude materials) ....	—	104,874
Essential oils, perfumery, cosmetics, soaps and related products ....	—	1,050
Rubber and manufactures thereof, n.e.s. ....	19,500	503,206
Wood, cork & manufactures thereof	10,000	—
Pulp, paper and cardboard and manufactures thereof ....	5,670	1,028,160
Manufactures of leather, not including articles of clothing ....	—	43,200
Textile materials, raw or simply prepared ....	100,630	782,789
Yarns and thread ....	1,020,325	72,211
Textile fabrics and small wares ....	246,451	12,920



Special and technical textile articles	—	8,390
Clothing and underwear of textile materials; hats of all materials ..	25,130	50,000
Made-up articles of textile materials other than clothing ..	90,000	55,957
Products for heating, lighting and power, lubricants and related products ..	—	249,067
Non-metallic minerals, crude or simply prepared, n.e.s. ....	—	70,900
Pottery and other clay products ..	7,953	800
Manufactures of non-metallic minerals, n.e.s. ....	—	11,100
Precious metals and precious stones, pearls and articles made of these materials ..	—	450
Iron and steel ..	—	560,561
Non-ferrous base metals ..	—	178,574
Manufactures of base metals, n.e.s. ..	23,059	242,532
Machinery, apparatus and appliances other than electrical, n.e.s. ....	44,167	125,482
Electrical machinery, apparatus and appliances ..	40,000	61,240
Vehicles & transport equipment, n.e.s. ....	—	56,030
Miscellaneous crude or simply prepared products, n.e.s. ....	3,890,288	77,055
Manufactured articles, n.e.s. ....	492	39,483
Gold and specie ..	270,000	7,860,543
<b>Total .....</b>	<b>16,989,529</b>	<b>13,698,943</b>

## CHINA, MIDDLE

ARTICLES	Imports \$	Exports \$
Live animals, chiefly for food .....	8,250	—
Dairy products, eggs and honey .....	436,940	871,512
Fishery products, for food .....	9,057	66,950
Cereals .....	—	7,200
Manufactured products of cereals, chiefly for human food .....	—	1,241,100
Fruits and nuts, except oil-nuts ..	92,598	30
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s. ....	119,127	413,683
Sugar and sugar confectionery .....	3,753,578	35,000
Coffee, tea, cocoa and preparations thereof; spices .....	645,636	13,516
Beverages and vinegars .....	19,042	3,656
Feeding stuffs for animals, n.e.s. ..	—	3,196,356
Tobacco .....	—	295
Oil-seeds, nuts and kernels .....	—	253,736
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s. ....	—	1,219,271
Chemical elements and compounds; pharmaceutical products .....	—	387,388
Dyeing, tanning and colouring substances (not including crude materials) .....	—	265,802
Essential oils, perfumery, cosmetics, soaps and related products .....	—	33,909
Fertilizers .....	—	2,657,104
Rubber and manufactures thereof, n.e.s. ....	—	452,780
Wood, cork & manufactures thereof	15,631	7,355
Pulp, paper and cardboard and manufactures thereof .....	44,640	325,134
Hides and skins and leather .....	—	52,116
Yarns and thread .....	—	4,068,892
Textile fabrics and small wares .....	453,086	842,145
Special and technical textile articles	91,380	14,934
Clothing and underwear of textile materials; hats of all materials ..	49,293	948
Made-up articles of textile materials other than clothing .....	42,602	22,050
Products for heating, lighting and power, lubricants and related products .....	—	773,042
Non-metallic minerals, crude or simply prepared, n.e.s. ....	760	4,402
Pottery and other clay products ....	74,269	100

Glass and glassware .....	—	88,731
Manufactures of non-metallic minerals, n.e.s. ....	—	855
Precious metals and precious stones, pearls and articles made of these materials .....	—	800
Iron and steel .....	300	278,973
Non-ferrous base metals .....	230,900	6,212
Manufactures of base metals, n.e.s. ..	12,350	45,229
Machinery, apparatus and appliances other than electrical, n.e.s. ....	5,820	27,996
Electrical machinery, apparatus and appliances .....	—	81,229
Vehicles & transport equipment, n.e.s. ....	—	142,037
Miscellaneous crude or simply prepared products, n.e.s. ....	237,755	38,195
Manufactured articles, n.e.s. ....	33,628	28,865
<b>Total .....</b>	<b>6,376,642</b>	<b>17,969,527</b>

## CHINA, SOUTH

ARTICLES	Imports \$	Exports \$
Live animals, chiefly for food .....	5,198,900	—
Meat and preparations thereof .....	8,390	—
Dairy products, eggs and honey .....	794,155	54,767
Fishery products, for food .....	80,898	325
Manufactured products of cereals, chiefly for human food .....	—	1,320,619
Fruits and nuts, except oil-nuts ..	326,375	760
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s. ....	516,412	—
Sugar and sugar confectionery .....	4,127,818	533,350
Coffee, tea, cocoa and preparations thereof; spices .....	289,876	891
Beverages and vinegars .....	2,709	15,832
Feeding stuffs for animals, n.e.s. ..	276	221,442
Tobacco .....	80,955	636,411
Oil-seeds, nuts and kernels .....	8,425	—
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s. ....	1,111,183	143,611
Chemical elements and compounds; pharmaceutical products .....	27,419	600,449
Dyeing, tanning and colouring substances (not including crude materials) .....	113,535	634,349
Essential oils, perfumery, cosmetics, soaps and related products .....	3,200	4,664
Fertilizers .....	195	139,187
Rubber and manufactures thereof, n.e.s. ....	2,800	402,541
Wood, cork & manufactures thereof	514,549	764,715
Pulp, paper and cardboard and manufactures thereof .....	171,203	748,002
Hides and skins and leather .....	330,891	375
Textile materials, raw or simply prepared .....	44,940	26,000
Yarns and thread .....	1,480	4,127,784
Textile fabrics and small wares .....	5,250	12,589
Special and technical textile articles	5,225	500
Clothing and underwear of textile materials; hats of all materials ..	6,552	1,300
Footwear, boots, shoes and slippers	2,268	—
Made-up articles of textile materials other than clothing .....	397,838	32,840
Products for heating, lighting and power, lubricants and related products .....	—	1,463,194
Non-metallic minerals, crude or simply prepared, n.e.s. ....	134,719	26,458
Pottery and other clay products .....	195,989	9,456
Glass and glassware .....	360	147,894
Manufactures of non-metallic minerals, n.e.s. ....	846	1,470
Precious metals and precious stones, pearls and articles made of these materials .....	—	1,400
Ores, slag, cinder .....	1,882,761	—
Iron and steel .....	2,166	372,053



Non-ferrous base metals .....	554,791	156,046
Manufactures of base metals, n.e.s. .	47,247	1,108,336
Machinery, apparatus and appliances other than electrical, n.e.s. ....	40,430	549,102
Electrical machinery, apparatus and appliances .....	9,864	318,172
Vehicles & transport equipment, n.e.s.	57,500	147,410
Miscellaneous crude or simply pre- pared products, n.e.s. ....	2,312,835	71,190
Manufactured articles, n.e.s. ....	995,152	84,072
Gold and specie .....	—	4,926,000
Total .....	20,408,377	19,805,556

## FRANCE

ARTICLES	Imports \$	Exports \$
Meat and preparations thereof ....	7,675	—
Fishery products, for food .....	1,600	—
Fruits & nuts, except oil-nuts .....	67,960	—
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s. ....	23,263	35,528
Coffee, tea, cocoa and preparations thereof; spices .....	20,868	2,048
Beverages and vinegars .....	125,381	—
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s. ....	—	26,620
Chemical elements and compounds; pharmaceutical products .....	129,523	—
Dyeing, tanning and colouring sub- stances (not including crude materials) .....	4,536	18,550
Essential oils, perfumery, cosmetics, soaps and related products .....	69,519	17,343
Rubber and manufactures thereof, n.e.s. ....	1,520	—
Wood, cork & manufactures thereof	992	—
Pulp, paper and cardboard and manu- factures thereof .....	51,683	23,040
Hides and skins and leather .....	—	357,049
Textile materials, raw or simply prepared .....	—	143,392
Yarns and thread .....	143,392	—
Textile fabrics and small wares ...	35,310	—
Special and technical textile articles	5,636	—
Glass and glassware .....	251,009	—
Precious metals and precious stones, pearls and articles made of these materials .....	—	83,600
Ores, slag, cinder .....	—	793,800
Iron and steel .....	816,949	—
Manufactures of base metals, n.e.s. .	49,332	—
Machinery, apparatus and appliances other than electrical, n.e.s. ....	7,488	—
Electrical machinery, apparatus and appliances .....	10,219	—
Miscellaneous crude or simply pre- pared products, n.e.s. ....	2,640	79,411
Manufactured articles, n.e.s. ....	5,327	—
Total .....	1,831,822	1,436,989

## FRENCH INDOCHINA

ARTICLES	Imports \$	Exports \$
Dairy products, eggs and honey ....	—	52,537
Fishery products, for food .....	1,327,664	3,600
Manufactured products of cereals, chiefly for human food .....	2,700	32,748
Fruits and nuts, except oil-nuts ...	244,918	71,099
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s. ....	675,838	224,606
Sugar and sugar confectionery .....	—	1,037
Coffee, tea, cocoa and preparations thereof; spices .....	19,200	55,890
Beverages and vinegars .....	—	468

Feeding stuffs for animals, n.e.s. .	14,525	3,600
Tobacco .....	63	857
Oil-seeds, nuts and kernels .....	10,626	—
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s. ....	11,660	—
Chemical elements and compounds; pharmaceutical products .....	—	12,215
Dyeing, tanning and colouring sub- stances (not including crude mate- rials) .....	10,080	1,340
Essential oils, perfumery, cosmetics, soaps and related products .....	887	—
Pulp, paper and cardboard and manu- factures thereof .....	32,750	18,085
Hides and skins and leather .....	86,838	—
Textile materials, raw or simply prepared .....	—	198,003
Yarns and thread .....	—	226,669
Textile fabrics and small wares ...	—	686
Clothing and underwear of textile materials; hats of all materials ..	—	170
Products for heating, lighting and power, lubricants and related pro- ducts .....	189,200	141,682
Non-metallic minerals, crude or sim- ply prepared, n.e.s. ....	64,420	—
Glass and glassware .....	3,750	—
Manufactures of base metals, n.e.s. .	—	22,592
Machinery, apparatus and appliances other than electrical, n.e.s. ....	—	204,174
Electrical machinery, apparatus and appliances .....	—	1,625
Vehicles & transport equipment, n.e.s.	—	31,644
Miscellaneous crude or simply pre- pared products, n.e.s. ....	553,306	327,513
Manufactured articles, n.e.s. ....	22,000	27,586
Total .....	3,270,425	1,660,426

## HOLLAND

ARTICLES	Imports \$	Exports \$
Dairy products, eggs and honey ....	2,080,803	—
Fishery products, for food .....	26,044	—
Cereals .....	13,300	—
Fruits and nuts, except oil-nuts ...	289	—
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s. ....	609	2,860
Sugar and sugar confectionery .....	1,465	—
Coffee, tea, cocoa and preparations thereof; spices .....	50,730	24,228
Beverages and vinegars .....	153,859	—
Tobacco .....	—	15,000
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s. ....	170,439	491,310
Chemical elements and compounds; pharmaceutical products .....	160,672	—
Dyeing, tanning and colouring sub- stances (not including crude materials) .....	128,870	—
Essential oils, perfumery, cosmetics, soaps and related products .....	17,357	10,892
Rubber and manufactures thereof, n.e.s. ....	89	—
Wood, cork & manufactures thereof	—	40
Pulp, paper and cardboard and manu- factures thereof .....	272,602	—
Hides and skins and leather .....	123,000	86,696
Manufactures of leather, not includ- ing articles of clothing .....	3,972	—
Textile materials, raw or simply prepared .....	3,665	—
Yarns and thread .....	131,145	—
Textile fabrics and small wares ...	127,206	7,500
Clothing and underwear of textile materials, hats of all materials ..	2,069	—
Made-up articles of textile materials other than clothing .....	20,722	—



Non-metallic minerals, crude or simply prepared, n.e.s. ....	2,065	—
Pottery and other clay products ...	12,690	—
Glass and glassware .....	24,298	—
Precious metals and precious stones, pearls and articles made of these materials .....	444,680	85,312
Ores, slag, cinder .....	—	50,400
Iron and steel .....	8,000	—
Non-ferrous base metals .....	118,686	20,480
Manufactures of base metals, n.e.s. .	48,915	6,998
Machinery, apparatus and appliances other than electrical, n.e.s. ....	3,725	—
Electrical machinery, apparatus and appliances .....	147,283	1,900
Vehicles & transport equipment, n.e.s.	4,584	—
Miscellaneous crude or simply prepared products, n.e.s. ....	20,432	178,140
Manufactured articles, n.e.s. ....	16,602	188,153
<b>Total</b> .....	<b>4,340,967</b>	<b>1,169,909</b>

## JAPAN

## ARTICLES

Imports Exports  
\$ \$

Meat and preparations thereof .....	—	360
Dairy products, eggs and honey ...	—	186
Fishery products, for food .....	87,529	6,926
Manufactured products of cereals, chiefly for human food .....	—	234
Fruits and nuts, except oil-nuts ...	80,284	2,148
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s. ....	498,905	2,316
Sugar and sugar confectionery ....	—	126
Coffee, tea, cocoa and preparations thereof; spices .....	140,204	215
Beverages and vinegars .....	56,382	290,300
Feeding stuffs for animals, n.e.s. .	—	32,100
Tobacco .....	—	4,179
Oil-seeds, nuts and kernels .....	—	2,321,788
Chemical elements and compounds; pharmaceutical products .....	150,995	57
Dyeing, tanning and colouring substances (not including crude materials) .....	76,494	420,922
Essential oils, perfumery, cosmetics, soaps and related products .....	3,508	369
Rubber and manufactures thereof, n.e.s. ....	107,334	1,478
Wood, cork & manufactures thereof	—	—
Pulp, paper and cardboard and manufactures thereof .....	39,799	13,892
Hides and skins and leather .....	202,199	7,413
Manufactures of leather, not including articles of clothing .....	—	302,826
Textile materials, raw or simply prepared .....	—	9,276
Yarns and thread .....	198,566	392,363
Textile fabrics and small wares ...	407,895	278
Clothing and underwear of textile materials; hats of all materials ..	1,794,020	721,395
Footwear, boots, shoes and slippers	11,695	2,358
Made-up articles of textile materials other than clothing .....	—	1,083
Products for heating, lighting and power, lubricants and related products .....	124,787	5,858
Non-metallic minerals, crude or simply prepared, n.e.s. ....	596,512	7,354
Pottery and other clay products ...	431,239	38,100
Glass and glassware .....	356,823	25,085
Ores, slag, cinder .....	310,671	200
Iron and steel .....	—	127,844
Non-ferrous base metals .....	348,284	—
Manufactures of base metals, n.e.s. .	541,926	—
Machinery, apparatus and appliances other than electrical, n.e.s. ....	1,029,854	25,046
Electrical machinery, apparatus and appliances .....	592,721	48,765
Vehicles & transport equipment, n.e.s.	65,416	12,086

Miscellaneous crude or simply prepared products, n.e.s. ....	159,236	170,572
Manufactured articles, n.e.s. ....	7,139	100
<b>Total</b> .....	<b>269,274</b>	<b>204,209</b>
<b>Total</b> .....	<b>8,689,691</b>	<b>5,199,807</b>

## KOREA, SOUTH

## ARTICLES

Imports Exports  
\$ \$

Fishery products, for food .....	535,522	—
Fruits and nuts, except oil-nuts ...	—	200
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s. ....	2,445	7,690
Sugar and sugar confectionery ....	—	1,200
Beverages and vinegars .....	—	151,824
Tobacco .....	—	10,416
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s. ....	—	14,856
Chemical elements and compounds; pharmaceutical products .....	1,600	563,519
Dyeing, tanning and colouring substances (not including crude materials) .....	—	90,507
Essential oils, perfumery, cosmetics, soaps and related products .....	12,000	50
Fertilizers .....	—	58,560
Rubber and manufactures thereof, n.e.s. ....	—	498,270
Wood, cork & manufactures thereof	—	750
Pulp, paper and cardboard and manufactures thereof .....	—	1,201,616
Textile materials, raw or simply prepared .....	23,640	1,841,500
Yarns and thread .....	—	566,640
Textile fabrics and small wares ...	14,800	24,648
Special and technical textile articles	—	6,180
Clothing and underwear of textile materials, hats of all materials ..	—	1,200
Footwear, boots, shoes and slippers	1,460	—
Made-up articles of textile materials other than clothing .....	3,390	44,480
Products for heating, lighting and power, lubricants and related products .....	2,960	84,936
Glass and glassware .....	—	68,620
Ores, slag, cinder .....	15,000	—
Iron and steel .....	—	44,468
Non-ferrous base metals .....	—	16,400
Manufactures of base metals, n.e.s. .	10,560	10,110
Machinery, apparatus and appliances n.e.s., other than electrical .....	—	60,068
Electrical machinery, apparatus and appliances .....	—	30,112
Vehicles & transport equipment, n.e.s.	—	79,486
Miscellaneous crude or simply prepared products, n.e.s. ....	34,396	50,821
Manufactured articles, n.e.s. ....	—	43,823
<b>Total</b> .....	<b>657,773</b>	<b>5,572,950</b>

## KOREA, NORTH

## ARTICLES

Imports Exports  
\$ \$

Fishery products, for food .....	453,545	—
Beverages and vinegars .....	—	8,002
Feeding stuffs for animals, n.e.s. ...	1,276,422	—
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s. ....	35,273	3,150
Chemical elements and compounds; pharmaceutical products .....	10,752	84,161
Dyeing, tanning and colouring substances (not including crude materials) .....	—	30,170
Essential oils, perfumery, cosmetics, soaps and related products .....	—	2,122
Fertilizers .....	1,374,130	—



Rubber and manufactures thereof, n.e.s. ....	—	394,968	Iron and steel .....	176	430,493
Pulp, paper and cardboard and manufactures thereof .....	—	2,867,760	Non-ferrous base metals .....	36,000	221,746
Yarns and threads .....	—	1,600	Manufactures of base metals, n.e.s. .	12,148	812,205
Special and technical textile articles	—	305,950	Machinery, apparatus and appliances other than electrical, n.e.s. ....	4,970	171,894
Made-up articles of textile materials other than clothing .....	—	171,992	Electrical machinery, apparatus and appliances .....	2,465	500,671
Non-metallic minerals, crude or simply prepared, n.e.s. ....	—	12,000	Vehicles & transport equipment, n.e.s.	27,863	686,964
Non-ferrous base metals .....	—	363,582	Miscellaneous crude or simply prepared products, n.e.s. ....	367,835	983,350
Manufactures of base metals, n.e.s. .	—	214,865	Manufactured articles, n.e.s. ....	1,209,826	885,030
Machinery, apparatus and appliances other than electrical, n.e.s. ....	—	654,248	Total .....	4,217,603	27,502,459
Electrical machinery, apparatus and appliances .....	—	123,042			
Vehicles & transport equipment, n.e.s.	—	12,195			
Manufactured articles, n.e.s. ....	—	36,387			
Total .....	3,150,122	5,286,194			

## MACAO

ARTICLES	Imports \$	Exports \$
Live animals, chiefly for food ....	103,000	—
Meat and preparations thereof .....	2,650	4,974
Dairy products, eggs and honey ....	593,225	385,999
Fishery products, for food .....	235,595	2,156,479
Cereals .....	3,277	53,520
Manufactured products of cereals, chiefly for human food .....	30,382	1,824,714
Fruits and nuts, except oil-nuts ....	131,689	1,265,651
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s. ....	304,504	1,645,904
Sugar and sugar confectionery ....	21,695	371,454
Coffee, tea, cocoa and preparations thereof; spices .....	210	171,473
Beverages and vinegars .....	192,319	468,998
Feeding stuffs for animals, n.e.s. .	548	196,195
Tobacco .....	18,910	2,346,378
Oil-seeds, nuts and kernels .....	14,080	1,262,625
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s. ....	385,487	952,566
Chemical elements and compounds; pharmaceutical products .....	106,073	1,218,043
Dyeing, tanning and colouring substances (not including crude materials) .....	13,438	142,458
Essential oils, perfumery, cosmetics, soaps and related products .....	10,553	744,381
Fertilizers .....	1,035	484,719
Rubber and manufactures thereof, n.e.s. ....	1,838	98,168
Wood, cork & manufactures thereof	40,611	398,908
Pulp, paper and cardboard and manufactures thereof .....	21,411	759,120
Hides and skins and leather .....	20,222	104,077
Manufactures of leather, not including articles of clothing .....	—	9,530
Textile materials, raw or simply prepared .....	52,510	139,474
Yarns and thread .....	1,300	1,425,215
Textile fabrics and small wares ....	103,040	2,035,191
Special and technical textile articles	17,720	60,601
Clothing and underwear of textile materials; hats of all materials ..	6,205	778,314
Footwear, boots, shoes and slippers	422	219,031
Made-up articles of textile materials other than clothing .....	19,428	75,110
Products for heating, lighting and power, lubricants and related products .....	—	668,925
Non-metallic minerals, crude or simply prepared, n.e.s. ....	5,930	92,277
Pottery and other clay products ....	2,100	43,191
Glass and glassware .....	1,465	202,080
Manufactures of non-metallic minerals, n.e.s. ....	708	4,363
Ores, slag, cinder .....	92,740	—

## NETHERLANDS EAST INDIES (Indonesia)

ARTICLES	Imports \$	Exports \$
Fishery products, for food .....	113,049	2,744
Fruits and nuts, except oil-nuts ....	—	3,695
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s. ....	21,095	26,318
Sugar and sugar confectionery ....	—	339,026
Coffee, tea, cocoa and preparations thereof; spices .....	—	102
Beverages and vinegars .....	—	1,890
Tobacco .....	—	20,990
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s. ....	77,673	—
Chemical elements and compounds; pharmaceutical products .....	17,551	189,327
Dyeing, tanning and colouring substances (not including crude materials) .....	8,400	76,304
Essential oils, perfumery, cosmetics, soaps and related products .....	208,664	12,692
Rubber and manufactures thereof, n.e.s. ....	116,800	—
Pulp, paper and cardboard and manufactures thereof .....	—	211,595
Hides and skins and leather .....	—	10,000
Manufactures of leather, not including articles of clothing .....	—	936
Textile materials, raw or simply prepared .....	—	137,014
Yarns and thread .....	—	68,192
Textile fabrics and small wares ....	—	188,263
Special and technical textile articles	—	8,767
Clothing and underwear of textile materials; hats of all materials ..	—	1,985,914
Made-up articles of textile materials other than clothing .....	—	924
Non-metallic minerals, crude or simply prepared, n.e.s. ....	—	270
Pottery and other clay products ....	—	263
Glass and glassware .....	—	21,920
Manufactures of non-metallic minerals, n.e.s. ....	—	18,000
Manufactures of base metals, n.e.s. .	—	367,421
Machinery, apparatus and appliances other than electrical, n.e.s. ....	—	11,000
Electrical machinery, apparatus and appliances .....	—	1,382
Vehicles & transport equipment, n.e.s.	—	17,432
Miscellaneous crude or simply prepared products, n.e.s. ....	482,808	21,673
Manufactured articles, n.e.s. ....	—	334,630
Total .....	1,046,040	4,078,684

## PHILIPPINES

ARTICLES	Imports \$	Exports \$
Meat and preparations thereof .....	—	72,420
Dairy products, eggs and honey ....	—	1,658,505
Fishery products, for food .....	500	241,581
Manufactured products of cereals, chiefly for human food .....	3,168	371,131



Fruits and nuts, except oil-nuts ....	157,544	316,874	Chemical elements and compounds; pharmaceutical products .....	450,176	347,559
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s. ....	—	1,287,503	Dyeing, tanning and colouring substances (not including crude materials) .....	—	141,921
Sugar and sugar confectionery ....	—	20,712	Essential oils, perfumery, cosmetics, soaps and related products ....	—	155,198
Coffee, tea, cocoa and preparations thereof; spices .....	—	25,618	Fertilizers .....	70,545	—
Beverages and vinegars .....	—	7,590	Rubber and manufactures thereof, n.e.s. ....	—	5,280
Feeding stuffs for animals, n.e.s. ....	—	66	Wood, cork & manufactures thereof	518,773	30,235
Tobacco .....	8,440	—	Pulp, paper and cardboard and manufactures thereof .....	—	141,633
Oil-seeds, nuts and kernels .....	—	283,387	Hides and skins and leather .....	485,872	—
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s. ....	—	2,839	Manufactures of leather, not including articles of clothing .....	—	420
Chemical elements and compounds; pharmaceutical products .....	27,206	69,130	Yarns and thread .....	—	745,616
Dyeing, tanning and colouring substances (not including crude materials) .....	1,245	50,637	Textile fabrics and small wares ....	350,155	317,560
Essential oils, perfumery, cosmetics, soaps and related products .....	2,280	1,800	Special and technical textile articles	—	2,800
Rubber and manufactures thereof, n.e.s. ....	125,000	41,015	Clothing and underwear of textile materials; hats of all materials ..	—	166,612
Wood, cork & manufactures thereof	54,866	184,823	Footwear, boots, shoes and slippers	—	17,985
Pulp, paper and cardboard and manufactures thereof .....	1,000	46,269	Made-up articles of textile materials other than clothing .....	—	18,844
Hides and skins and leather .....	—	23,300	Products for heating, lighting and power, lubricants and related products .....	—	38,640
Manufactures of leather, not including articles of clothing .....	—	49,230	Non-metallic minerals, crude or simply prepared, n.e.s. ....	166,585	4,744
Textile materials, raw or simply prepared .....	303,526	15,100	Pottery and other clay products ....	—	6,857
Yarns and thread .....	—	409,465	Glass and glassware .....	—	37,582
Textile fabrics and small wares ....	128,457	1,131,137	Manufactures of non-metallic minerals, n.e.s. ....	—	820
Special and technical textile articles	—	410	Precious metals and precious stones, pearls and articles made of these materials .....	2,500	200
Clothing and underwear of textile materials; hats of all materials ..	—	495,351	Iron and steel .....	—	96,037
Footwear, boots, shoes and slippers	—	151,035	Non-ferrous base metals .....	—	34,348
Made-up articles of textile materials other than clothing .....	41,000	36,979	Manufactures of base metals, n.e.s. .	320	354,484
Products for heating, lighting and power, lubricants and related products .....	—	30,551	Machinery, apparatus and appliances other than electrical, n.e.s. ....	—	186,217
Non-metallic minerals, crude or simply prepared, n.e.s. ....	—	4,095	Electrical machinery, apparatus and appliances .....	—	158,302
Pottery and other clay products ....	—	48,448	Vehicles & transport equipment, n.e.s.	—	43,690
Glass and glassware .....	507,121	48,068	Miscellaneous crude or simply prepared products, n.e.s. ....	211,174	59,735
Manufactures of non-metallic minerals, n.e.s. ....	—	965	Manufactured articles, n.e.s. ....	52,953	123,311
Ores, slag, cinder .....	—	1,460	Total .....	8,339,035	3,360,167
Iron and steel .....	—	97,553			
Manufactures of base metals, n.e.s. .	1,939	2,015,302			
Machinery, apparatus and appliances other than electrical, n.e.s. ....	120,000	61,440			
Electrical machinery, apparatus and appliances .....	612	11,145			
Vehicles & transport equipment, n.e.s.	—	35,848			
Miscellaneous crude or simply prepared products, n.e.s. ....	17,347	94,596			
Manufactured articles, n.e.s. ....	92,958	342,216			
Total .....	1,594,209	9,785,594			

## SIAM

ARTICLES	Imports \$	Exports \$
Fishery products, for food .....	680,696	—
Cereals .....	2,955,166	—
Manufactured products of cereals, chiefly for human food .....	374,862	17,950
Fruits and nuts, except oil-nuts ....	77,671	—
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s. ....	159,935	18,320
Sugar and sugar confectionery ....	—	400
Coffee, tea, cocoa and preparations thereof; spices .....	29,200	31,443
Beverages and vinegars .....	—	54,224
Feeding stuffs for animals, n.e.s. ....	38,980	—
Oil-seeds, nuts and kernels .....	1,466,240	—
Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s. ....	247,232	1,200

## SWEDEN

ARTICLES	Imports \$	Exports \$
Chemical elements and compounds; pharmaceutical products .....	72,709	—
Wood, cork & manufactures thereof	162,799	—
Pulp, paper and cardboard and manufactures thereof .....	1,245,482	—
Textile fabrics and small wares ....	—	52,855
Clothing and underwear of textile materials; hats of all materials ..	—	4,220
Made-up articles of textile materials other than clothing .....	—	3,080
Glass and glassware .....	12,301	—
Manufactures of non-metallic minerals, n.e.s. ....	55,200	—
Ores, slag, cinder .....	—	344,769
Iron and steel .....	33,441	—
Manufactures of base metals, n.e.s. .	191,331	—
Machinery, apparatus and appliances other than electrical, n.e.s. ....	59,972	—
Electrical machinery, apparatus and appliances .....	111,123	—
Vehicles & transport equipment, n.e.s.	2,273	—
Miscellaneous crude or simply prepared products, n.e.s. ....	—	44,013
Manufactured articles, n.e.s. ....	69,000	—
Total .....	2,015,631	448,937



## SWITZERLAND

ARTICLES	Imports \$	Exports \$
Dairy products, eggs and honey ....	22,408	—
Coffee, tea, cocoa and preparations thereof; spices .....	84,550	—
Dyeing, tanning and colouring sub- stances (not including crude materials) .....	145,860	—
Textile materials, raw or simply prepared .....	—	59,557
Textile fabrics and small wares ...	55,605	—
Special and technical textile articles	1,588	—
Clothing and underwear of textile materials; hats of all materials ..	15,116	—
Manufactures of non-metallic miner- als, n.e.s. ....	1,835	—
Precious metals and precious stones, pearls and articles made of these materials .....	—	572
Manufactures of base metals, n.e.s. .	2,300	—
Machinery, apparatus and appliances other than electrical, n.e.s. ....	246,038	—
Electrical machinery, apparatus and appliances .....	2,900	—
Miscellaneous crude or simply pre- pared products, n.e.s. ....	—	44,000
Manufactured articles, n.e.s. ....	3,134,697	—
Total .....	3,712,897	104,129

## U. S. A.

ARTICLES	Imports \$	Exports \$
Meat and preparations thereof ....	13,418	6,665
Dairy products, eggs and honey ...	270,396	106,392
Fishery products, for food .....	474,465	263,135
Cereals .....	3,150	—
Manufactured products of cereals, chiefly for human food .....	467,503	67,038
Fruits and nuts, except oil-nuts ...	1,198,226	154,610
Vegetables, roots and tubers, chiefly used for human food and their preparations, n.e.s. ....	131,667	744,336
Sugar and sugar confectionery ....	44,093	6,650
Coffee, tea, cocoa and preparations thereof; spices .....	129,250	343,712
Beverages and vinegars .....	280,839	38,482
Feeding stuffs for animals, n.e.s. .	—	1,725
Tobacco .....	3,090,245	2,400
Oil-seeds, nuts and kernels .....	—	43,994

Animal & vegetable oils, fats, greases and waxes & their manufactures, n.e.s. ....	48,195	971,63.
Chemical elements and compounds; pharmaceutical products .....	5,581,128	230,158
Dyeing, tanning and colouring sub- stances (not including crude mate- rials) .....	2,180,620	9,694
Essential oils, perfumery, cosmetics, soaps and related products .....	615,620	217,476
Rubber and manufactures thereof, n.e.s. ....	70,667	261,672
Wood, cork & manufactures thereof	373,009	71,075
Pulp, paper and cardboard and manu- factures thereof .....	2,321,452	22,161
Hides and skins and leather .....	71,058	1,635,066
Manufactures of leather, not includ- ing articles of clothing .....	34,547	70
Furs, not made up .....	—	349,400
Textile materials, raw or simply prepared .....	1,884,539	87,421
Yarns and threads .....	—	3,180
Textile fabrics and small wares ....	2,552,211	594,779
Special and technical textile articles	114,995	202
Clothing and underwear of textile materials; hats of all materials ..	926,241	766,835
Footwear, boots, shoes and slippers	13,648	22,285
Make-up articles of textile materials other than clothing .....	110,139	1,606
Products for heating, lighting and power, lubricants and related pro- ducts .....	746,280	272
Non-metallic minerals, crude or sim- ply prepared, n.e.s. ....	167,048	640
Pottery and other clay products ....	63,797	215,655
Glass and glassware .....	291,284	125
Manufactures of non-metallic miner- als, n.e.s. ....	26,714	680
Precious metals and precious stones, pearls and articles made of these materials .....	1,430,295	333,547
Ores, slag, cinder .....	—	90,870
Iron and steel .....	1,523,571	1,200
Non-ferrous base metals .....	20,289	8,172,836
Manufactures of base metals, n.e.s. .	1,649,160	141,756
Machinery, apparatus and appliances other than electrical, n.e.s. ....	3,925,405	—
Electrical machinery, apparatus and appliances .....	1,366,570	67,530
Vehicles & transport equipment, n.e.s.	1,772,239	100
Miscellaneous crude or simply pre- pared products, n.e.s. ....	669,289	8,516,983
Manufactured articles, n.e.s. ....	3,814,919	2,393,140
Gold and specie .....	4,800,000	—
Total .....	45,266,181	26,959,190